

سكواكول

# Herald Tribune

Published With The New York Times and The Washington Post

32,765 26/88 \*\* PARIS, WEDNESDAY, JUNE 29, 1988 ESTABLISHED 1887

## Took Just 91 Seconds



Mike Tyson retained his undisputed heavyweight title by hammering Michael Spinks into submission at 1:31 of the first round of a scheduled 12-round in New Jersey. Page 23.

## U.S. Aide Is Slain In Athens

### Defense Attaché May Be Victim of Urban Terrorists

By Alan Cowell  
New York Times Service  
ATHENS — A car bomb apparently detonated by remote control killed the U.S. defense attaché here Tuesday as he drove away from his suburban home, police and embassy officials said.  
The blast, which occurred shortly after 8 A.M., set his car afire, threw it across a street and hurled the body of navy Captain William E. Nordeen into the yard of a deserted villa nearby, witnesses said.  
There was no immediate claim of responsibility for the blast. U.S. officials said there had been no special state of alert at the U.S. Embassy, which is a frequent target of terrorist threat or attack. Alerts are usually declared when U.S. officials suspect an impending attack.  
The bomb had apparently been planted in the trunk of a parked Toyota sedan near Captain Nordeen's house in the suburb of Kefalari. As he drove by, it went off, sending flames 6 meters (20 feet) high and killing the U.S. official instantly, police officials said.  
Like others among the many diplomatic homes in Athens's northern suburbs, Captain Nordeen's house was under Greek police guard. The officer, aged 51, was survived by a wife and a 12-year-old daughter.  
"We don't have anybody to point a finger at," a U.S. official said. Suspicion among police and other Western diplomats, however, fell on an extreme leftist group called November 17, the most sophisticated of several Greek urban terror groups.  
It has taken responsibility for a string of attacks on U.S. personnel and officials that have killed 11 people, including two Americans, and injured more than 100 others since 1975.  
The group is named for an uprising at Athens Polytechnic in 1973 that foreshadowed the removal of the military junta that ruled Greece from 1967 to 1974. November 17 took responsibility for the assassination of the U.S. Central Intelligence...



Mikhail S. Gorbachev voting Tuesday at the party conference.

## Gorbachev Asks A Shift of Power To a President And Legislature

By David Remnick  
Washington Post Service  
MOSCOW — Mikhail S. Gorbachev, the Soviet leader, proposed Tuesday that a "fundamentally new state" be created, urging delegates to a historic Communist Party conference to support a new presidential system of government.  
Speaking in the Palace of Congresses in the Kremlin, Mr. Gorbachev said that the Communist Party should continue as the country's ideological leader, but that it should code numerous functions, including foreign and defense policy, to a powerful president and an expanded legislature.  
Mr. Gorbachev did not say whether he was in favor of having the party's general secretary, his post, also serve as president. He said that was "a serious question" that should be debated at the conference.  
But listing various arguments, Mr. Gorbachev noted that Lenin, the founder of the Soviet state, had headed both the party and the government as prime minister. In Mr. Gorbachev's own political language, no example could be stronger than that of Lenin.  
Diplomats here said that if a presidential system was adopted, Mr. Gorbachev would have democratized the political system by shifting power from the party to locally elected soviets or councils.  
Because of the complexities of party rules, it is unclear when such a new system could be put in place.  
At present, the general secretary of the party has by far the most powerful position in the country.  
Within five years after the 1917 Bolshevik Revolution, the local soviets had lost nearly all their power to the party's bureaucracy. The presidency, the position now held by Andrei A. Gromyko, has been a largely ceremonial post.  
In his speech, which lasted three and a half hours, Mr. Gorbachev described numerous "deformations" throughout Soviet history.  
In stark language, he blamed the personality cult of Stalin and later "stagnation" under Leonid I. Brezhnev for having created a political system that formulated economic, foreign, legal and cultural policy without regard for popular will.  
"Today, we must have the courage to admit that if the political system remains immobile and unchanged, we will not cope with the tasks of reform," he said.  
The occasionally uneasy interaction between Mr. Gorbachev and his audience of nearly 5,000 delegates was striking. More than half of the delegates are from the middle ranks of the party — a traditionally conservative bastion —

## Main Points of Speech

Reuter  
MOSCOW — Following are the main points from the speech by Mikhail S. Gorbachev on Tuesday at the opening of the 19th Communist Party conference:  
**Political Reform** — The Soviet political structure should be politically reformed, including the adoption of a presidential system of government to function alongside the party. The president would handle foreign policy and defense and name the prime minister. The president should be elected by a new 2,250-member national congress chosen in multicandidate elections by secret ballot. The body would meet in full session once a year on major constitutional, political, social and economic matters.  
**Economy** — Reform of the economy has started picking up speed but is still slowed by difficulties inherited from previous leaders. The primary problems are food supply and standards of living.  
**Retail prices**, long kept low for many basic goods and foodstuffs through government subsidies, should be reformed.  
**Agriculture** — The main task is to overcome food supply difficulties. But everything depends on how fast workers' interest can be aroused.  
**Inter-ethnic Relations** — Mr. Gorbachev denounced demands for border changes in the troubled Nagorno-Karabakh Autonomous...

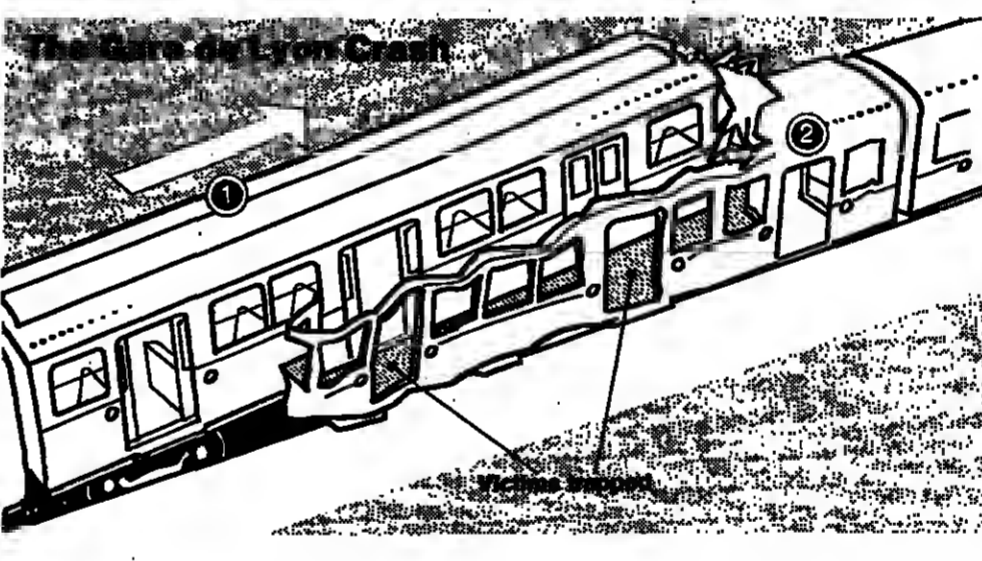
## all of a Wall Street Trainee

### Latest Insider Case, Signs That Illegal Deals Persist

By Kurt Eichenwald  
New York Times Service  
NEW YORK — This was to be the week that Stephen Wang completed the financial analysts' program at Morgan Stanley & Co. In...  
...the week he was suspended under a cloud of scandal. And the cloud may overshadow other players in the securities industry, for the court charges filed in the Wang case by the U.S. Securities and Exchange Commission suggest that blatant insider trading on Wall Street is far from dead.  
On Thursday, just two years after he left for Wall Street from the campus of the University of Illinois at Urbana-Champaign, Mr. Wang, 34, was confronted by the SEC with evidence that he had used his position in an illegal insider-trading scheme with Fred C. Lee, a 38-year-old Hong Kong businessman of Taiwanese origin.  
On Monday, the SEC filed a civil complaint charging that Mr. Wang, a junior analyst at Morgan Stanley, had sold confidential information on at least 25 corporate takeovers.  
According to the complaint, Mr. Lee illegally earned more than \$19 million by trading stocks and stock options based on the information.  
He paid Mr. Wang at least \$200,000 for the information, the complaint said. It was filed early Monday in U.S. District Court in New York, what the SEC called an emergency action.  
It was unclear Monday how Mr. Wang and Mr. Lee were supposed to have become associated or how the purported scheme started.  
But the profile of Mr. Wang that has begun to emerge is one of a quiet, intense young man who was interested in money-making ventures long before he arrived on Wall Street.  
Mr. Wang demonstrated such interests as a child, according to a neighbor near the family's home in Arlington Heights, Illinois, an upper-middle-class Chicago suburb.  
"He had a sense that he would succeed to make money," said Kathleen Paul, who lived next to the Wang family for about 20 years.  
According to Ms. Paul, Mr. Wang would frequently come up with money-making ideas, such as organizing his friends to mow lawns.  
For four years Mr. Wang attended Buffalo Grove High School,...

## Train Brakes Blamed in Paris Toll of 59

By Barry James  
International Herald Tribune  
PARIS — French railroad authorities blamed a brake failure Tuesday for the disaster in which a runaway commuter train crashed into another about to leave the Gare de Lyon in Paris Monday night, killing at least 59 people.  
Powerful diesel locomotives pulled the tangled wreckage apart and rescue workers cut through a compacted mass of steel to pull out more bodies Tuesday. The state railroad gave the figure of 59 dead, but several of the nearly 40 passengers in the hospital were in grave condition.  
More than 250 firemen and rescue workers toiled through the night, using heavy lifting equipment and saws to reach the living and the dead. They had to amputate the legs of one young man before they could extricate him. Black-helmeted rescue workers carried away the bodies on stretchers or in plastic bags as a Catholic priest prayed for the dead.  
An eight-car commuter train crashed head-on into another under way for departure at an underground track in the station. The eight-car train, 1, arriving from Meaux was traveling at a speed of up to 50 miles an hour when it hit the four-car train, 2, which was about to leave for Villeneuve-Saint-Georges. The moving train's front car hit open the rear of the stationary train and made up over it, crushing passengers. 39 passengers were killed, of the 36 injured still hospitalized, 13 are in serious condition.  
"We know the accident was caused by difficulties with the braking system, but we do not know exactly why," said Roger Gerin, deputy general manager of the state railroad company.  
Mr. Gerin said at a news conference that the train should have stopped automatically as soon as the compressed air in the braking system had fallen below a certain pressure.  
On its inward journey from the southeastern suburb of Meaux, the train made an unscheduled stop after someone pulled the emergency handle, Mr. Gerin said, and the engineer had to re-arm the braking system. But this had never caused problems in the past, he added, and the train also made 15 regular stops without any sign of a problem.  
The emergency stop resulted in disruption up and down the line, and also delayed the departure of...



## Kiosk

### Boesky Moved

WASHINGTON (Reuters) — Ivan F. Boesky, convicted of his role in Wall Street's trading scandal, has moved from a California prison to a prison in Manhattan. A Justice Department official said Mr. Boesky was waiting to testify in a trial to go before a grand jury.

### Dollar Is Steady

The dollar extended its gains against the yen while central banks intervened to raise its rise. (Page 15.)

## An 'Uncertain Electorate' Leans Toward the Democrats, a Poll Shows

By David S. Broder  
Washington Post Service  
WASHINGTON — An "uncertain electorate," with mixed feelings about President Ronald Reagan's record and concern that tomorrow's problems may overwhelm today's prosperity, is tilting to the Democrats in the November election, according to a public opinion poll.  
A Gallup Poll shows that Governor Michael S. Dukakis of Massachusetts, the likely Democratic nominee, is having more success in reassembling the Democratic coalition than his probable rival, Vice President George Bush, is having in keeping the Reagan coalition intact.  
In terms of its impact on the presidential choice, the poll found that the Democrats' single most significant advantage was their 16-point lead as the party that can best bring about needed change. That edge has grown in the last year.  
The poll, made public Monday, was undertaken for Times Mirror Co., the owner of the Los Angeles Times and other newspapers.  
Andrew Kohut, the poll director, and Norman Ornstein, a survey analyst, reported that voters currently are responding to Mr. Dukakis and Mr. Bush more as symbols of the opposition party and the incumbent administration than as individuals.  
This means that the race could shift significantly as the rivals, especially the little-known Mr. Dukakis, come into sharper focus for voters, they said.  
They said that at this point the election is less about individuals than a measure of the country's underlying "tension between a desire for change and a desire for continuity."  
The tension arises from an unusual split in public thinking.  
While voters are more optimistic now than a year ago about short-term economic prospects, they also are more disturbed about the country's long-term course. Causes of concern range from fear of foreign economic competition to the after-effects of the Iran-contra disinvestment with President Ronald Reagan's leadership.  
Drug abuse is an almost universal worry, the survey found. But at least three of four voters also express concern about declining education standards, mounting budget deficits and such perceived long-term economic trends as loss of jobs to foreign competition, decline in the quality of American products, growth of foreign investment in the United States and loss of U.S. leadership in science and technology.  
Concerns for the future and the desire for a change of direction are particularly striking among one group of voters in the Reagan coalition, a group that the pollsters call the "disaffected."  
Those alienated, mainly middle-aged, middle-income males from the Midwest are anti-business and anti-government. They tend to like "outsider" candidates such as George C. Wallace and Jimmy Carter and are not very enthusiastic about Mr. Dukakis.  
But, while Mr. Reagan won four of five of them with his anti-Washington, anti-elite theme, Mr. Bush is barely beating Mr. Dukakis.  
Mr. Bush is particularly disliked by the "disaffected," who describe him as weak and unsympathetic to their interests.  
The Times Mirror survey, begun last year, uses unusually long, in-person interviews with a large sample of people —

## The Uprising: A Vow to Fight On and a Peace Feeler From the PLO

### No Turning Back, a Rebel Leader Says

By Loren Jenkins  
Washington Post Service  
RAMALLAH, Occupied West Bank — Amid the chaos of confrontation between Israeli troops and Palestinian youths that has come to be the daily norm here, a Palestinian merchant sat inside his downtown Ramallah shop and watched the scenes outside with seemingly cool nonchalance.  
Though he had every reason to worry about the patrols of Israeli paratroopers passing in front of his shop, the merchant seemed unfazed. He is a man whom the Israelis would love to get their hands on.  
The merchant is a member of the shadowy National Unified Command of the Uprising, which directs the anti-Israeli insurrection, or *intifadah*, that be-

## U.S. Assesses Overture by Arafat Aide

By Elaine Sciolino  
New York Times Service  
WASHINGTON — Reagan administration officials say they are intrigued by proposals put forward by a close aide to Yasser Arafat for negotiations with Israel. The officials say the proposals represent a softening of the Palestine Liberation Organization's line, but lack authoritative support from the group's leadership.  
The aide, Bassam Abu Sharif, the press spokesman for Mr. Arafat, offered the proposals in a statement that was distributed at the Arab summit meeting in Algiers this month.  
In the statement, Mr. Abu Sharif said: "The key to a settlement lies in talks between the Palestinians and the Israelis. The Palestinians would be deluding themselves if they thought their prob-

Close The Dollar in New York

DM	1.822
DM	1.708
Yen	132.85
FF	6.138

Up 22.41



# U.S. Rivers Falling as Drought Worsens

## Cities, Farms, Shipping and Wildlife Harmed by Drop

Washington Post Service  
**WASHINGTON** — U.S. rivers tipped to their lowest levels in 60 years, threatening sources of drinking water, limiting hydroelectric power, forcing conservation measures in industry and farming, and endangering wildlife.

The U.S. Geological Survey, the combined flow of the largest U.S. rivers — the Mississippi, the St. Lawrence and the Columbia — fell in May to the lowest point in 37 years.

The parched Midwest and the east, rivers dropped to the lowest point in 100 years. The Mississippi was below average by 29 percent in the Northwest, 42 percent in

California, 40 percent in the Great Basin area of Nevada and Utah and 18 percent in the Southeast.

Geological Survey officials said that the April flow was well below normal in one-third of the country. In May, the below-normal flow had spread to half the country. June has been drier still.

The Mississippi, which supplies drinking water for cities from New Orleans, at the mouth, up to Minneapolis-St. Paul, near the source, is 15 percent of normal in the Twin Cities. If past droughts are any guide, said Jerry Winslow, senior engineer at the Minnesota Pollution Control Agency, it may fall so low in July that "we could be out of water."

The state has contingency plans,

he said, to open dams in the north and let lake waters flow into the Mississippi. But that would hurt the important tourist fishing and resort industry and divert water from irrigated agriculture.

Dredging has kept barge traffic moving intermittently on the Mississippi, which was closed for three days last week at Memphis and over the weekend at St. Louis.

When a narrow channel was opened Monday at St. Louis, officials alternated downriver and upriver traffic until a 35-ton backlog was cleared. But two towboats ran aground near Memphis.

At New Orleans, the river has fallen to its lowest point in 120 years, and is moving so slowly that salt water from the Gulf of Mexico

is moving upstream, said Dale Givens, administrator of the Louisiana Water Pollution Control Division.

The U.S. Army Corps of Engineers plans to erect a barrier against the salt water to protect drinking water.

In North Dakota, the drought has drawn the Red River down to 30 percent of its normal level. But most drinking water in the state is drawn from aquifers, in which levels are falling but are still adequate.

The aquifer water level "has been dropping maybe 10 percent every month or six weeks," said Ron Affeldt, director of North Dakota's Emergency Management Office. Since 1961, the year of the last major drought, he said, homeowners have dug deeper wells.

Elsewhere, municipalities in the West and Southeast have restricted watering of lawns and washing of cars to conserve drinking water. In Atlanta, water department employees patrol the streets to watch for violators of a nine-hour a day watering ban.

As the volume of lakes and rivers drops, so does their ability to dilute industrial and municipal wastes. Federal law requires local officials to limit factory and sewage-treatment plant discharges so that they will not pollute bodies of water, even at their historic lows.

The Mississippi has dropped below its historic low in Louisiana for the first time in eight years, prompting the state to begin monitoring concentrations of pollutants.

The flow of the upper Mississippi is so low that a fifth of the water downstream of a Twins Cites' treatment plant is treated sewage, said Mr. Winslow, the Minnesota engineer. The drinking water intake is upstream of the plant, he said, so public health is not endangered.

But such organic wastes raise the water temperature and deplete oxygen needed by fish. Wildlife experts have predicted substantial fish kills.

Nine rivers in the state have dropped to what the state calls the level of "protective flow," forcing farmers and factories to reduce their daily intake, said Allan Stokes of the Department of Natural Resources.

The Tennessee Valley Authority's 29 hydropower plants, which normally supply 10 percent of the electricity for eight million Southeastern customers, are operating at 55 percent of capacity.

Reservoirs filled by the Tennessee River and used by the plants are 40 feet below normal levels — as low as normally in November.



Georgia farmer jumping across a stream that in times of normal rainfall is several times wider.

## AMERICAN TOPICS

### Those Finding a Star Can Fill in the Blanks

From a letter to *The Washington Post* by a reader, Michael A. Vance:

I am amazed by the frequency of complaints by irate readers who have discovered the inadvertent use of a word or phrase that could be construed as a slur against this or that minority group, such as the complaint about the use of the word "crackers." I suggest that the Post perform a public service by printing the following form letter, which would make it easier for its readers to proclaim their righteous indignation:

I am shocked that a recent issue of *The Washington Post* contained a (fill in with cartoon, article or editorial) using the derogatory term \_\_\_\_\_. This is an insult to all the fine, upstanding \_\_\_\_\_, who constitute a great part of

### Short Takes

A study of children from low-income families showed that those benefiting from the Federal School Breakfast Program did better in their studies than those who did not. Boston City Hospital and allied groups said pupils getting school breakfasts attained an average standardized test score increase of 48.4 points over the previous year; those not getting them improved 40.9 points on a 600-point scale. Advocates of tax-supported child nutrition programs say that as the number of single-parent families headed by working mothers increases, more children are going without a nourishing breakfast.

Prospects for survival of the whooping crane, America's largest aquatic bird, have improved

with a Senate appropriations subcommittee's approval of legislation to buy the last bit of privately owned land on Matagorda Island off the Texas coast. Matagorda is a barrier island shielding the Aransas Pass National Wildlife Refuge on the mainland. The largest group of whooping cranes in North America, now numbering 152, winter at the refuge or on the island and summer in the Canadian wilderness. The whoopers, with a 7½-foot (2.3-meter) wingspread, have made a comeback from near-extinction 50 years ago, when they numbered only 18. The U.S. Air Force stopped using Matagorda as a bombing range in 1974.

Descendants of the 17 million immigrants who arrived in the United States at Ellis Island in New York harbor will be able to trace their history instantly at a computerized genealogical center planned for the island, which is being restored as a museum. Ellis Island was the major U.S. immigration station from 1892 to 1954. Material to be stored in the computer already has been collected from government and uni-

versity archives. Much of it comes from ship manifests. The computer will display the name of the immigrant, the ship he or she arrived on, date of arrival, country of origin, port of embarkation, occupation, literacy level, intended U.S. destination, race, physical characteristics and data on any relatives listed as already living in America.

John F. Kennedy is the most overrated U.S. president, closely followed by Ronald Reagan, according to an American Heritage magazine survey of historians, writers, journalists and other supposed experts. Also viewed as overrated were Harry S. Truman, Theodore Roosevelt and Thomas Jefferson. Among the underrated chief executives were Ulysses S. Grant, Dwight D. Eisenhower, Herbert Hoover and Gerald R. Ford. Grover Cleveland, John Quincy Adams and Woodrow Wilson turned up on both lists; Franklin D. Roosevelt was on neither.

Arthur Higbee

## Michigan Is First State to Prohibit Surrogate Parenting

Los Angeles Times Service  
**DETROIT** — Michigan has become the first state in the nation to make surrogate parenting a felony. Governor James J. Blanchard signed a bill Monday that imposes fines and jail terms for

anyone who enters into or assists in developing a contract for a child between a surrogate mother and an infertile couple.

Several other states are considering similar legislation. The bill's sponsor in the Michigan State Sen-

ate admitted that the legislation was aimed specifically at shutting down the world's largest surrogate clinic in Dearborn, Michigan.

Noel Keane, the attorney who runs the clinic, has handled about a third of the 600 to 700 surrogate

contracts that so far have resulted in births in the United States. He has a second clinic in Manhattan. Mr. Keane said that he plans to continue his Michigan operations at least until the law goes into effect on Sept.

## U.S. Bishops Will Alter Disputed AIDS Booklet

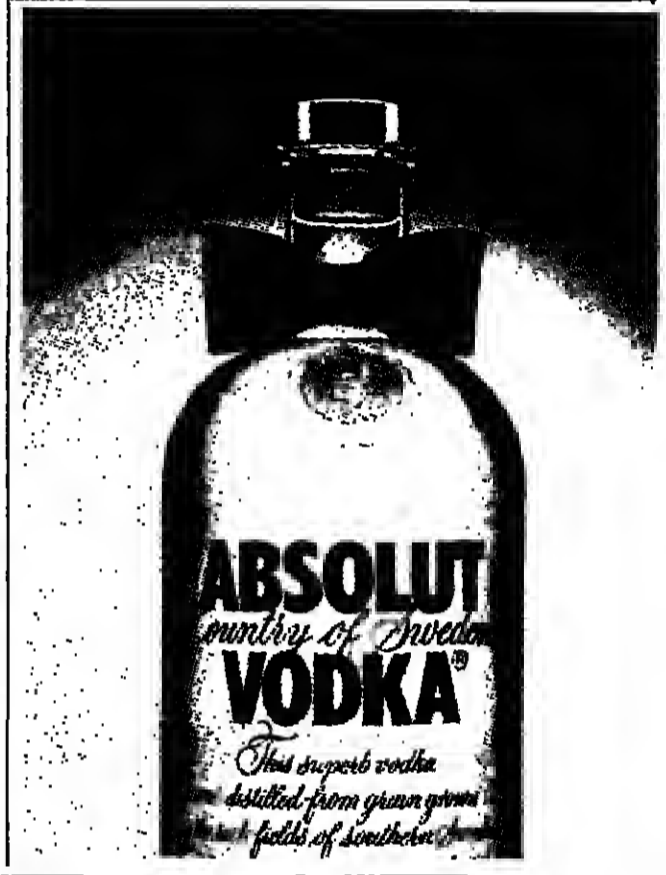
By Peter Steinfeld  
 New York Times Service  
**COLLEGEVILLE, Minnesota** — The Roman Catholic bishops of the United States have voted to leave in place a controversial document about AIDS but they acknowledged that it had shortcomings and agreed to work on a further statement of policy.

The action Monday was an adroit compromise aimed at curbing an unusual public dispute among the bishops, which arose because brief passages in the document suggested that information about condoms might legitimately be included in education aimed at preventing acquired immune deficiency syndrome.

Cardinal John O'Connor of New York and other Catholic leaders objected that the document, "The Many Faces of AIDS: A Gospel Response" — issued with the unanimous approval of the bishops' 30-member administrative board in December — left the impression that the church had changed its

official rejection of artificial birth control.

Other bishops have argued that the statement clearly stresses the church's opposition to contraception and criticizes a resort to condoms, but that it recognizes their value in preventing AIDS among people who do not follow the church's teaching on sexual morality.



## Mexican Opposition Fears Voting Fraud

By Larry Rohter  
 New York Times Service

**MEXICO CITY** — With presidential and congressional elections a week away, opposition party civic groups say there are signs that the governing Institutional Revolutionary Party is trying to rig the vote.

The group in power is taking its usual precautions and getting ready to use force to prevent election fraud, the Democrats say. They are also preparing for a possible takeover through fraud, the Democrats say. They are also preparing for a possible takeover through fraud, the Democrats say.

by the discovery this month in a Mexico City print shop of thousands of ballots that were to have been used in the northwestern state of Sonora. Opposition parties have formally protested the incident to the Federal Electoral Commission, calling it part of a much broader fraud effort being mounted by the governing party.

But government officials said the printing of ballots by the privately owned print shop, which has also printed campaign leaflets and fliers for the ruling party, did not violate the electoral code. They have also reiterated pledges made by Carlos Salinas de Gortari, the ruling party's candidate for president, that the July 6 elections will be credible.

In the past, however, electoral fraud has been so common a part of Mexican political life that a whole lexicon has developed around the practice. In this world of vote manipulation, "alchemists" call on their "floating armies" to board "carronsels" or make voting booths "pregnant" with "tacos," and send unwanted opposition votes off to the "crematorium."

Many of these and other practices are detailed in a "Manual of Vigilance and Defense of the Vote," which the Democratic Assembly published last week. The document is notable because it was prepared with the assistance of Pacifico Muñoz Ledo, a former president of the Institutional Revolutionary Party who has broken with the party and is now chief political strategist for Cuauhtémoc Cárdenas, presidential candidate of the left-leaning National Democratic Front.

The ruling party has won every presidential, senatorial and gubernatorial election since coming to power in 1929, although it has faced increasing opposition in recent years. It has an ample majority on the Federal Electoral Commission, which supervises national elections, and it also controls the commissions that run state and local elections.

"The voting booths themselves are manned by people who are designated by the official party, who in many cases are functionaries of a government that is synonymous with that party," Fernando Canales Clariond, a leader of the right-of-center National Action Party, complained in a recent interview.

## U.S. Sues the Teamsters to Force Free Elections

Anticipation of the suit prompted the 1.6-million-member union to seek refuge with the AFL-CIO last October, rejoining the labor federation after a 30-year absence.

In January 1986, the President's Commission on Organized Crime criticized the White House for maintaining close ties to the union despite its alleged longstanding links to organized crime figures.

The union was one of the few major labor unions to endorse Ronald Reagan in 1980 and 1984.

Three of four Teamsters presidents have been convicted of crimes. One, Jimmy Hoffa, disappeared in 1975 in what authorities believed was a murder ordered by the Mafia. (AP, Reuters)

The engineering of electoral fraud is therefore very easy to achieve." According to the manual, ruling party workers under the command of an "alchemist," or vote manipulator, are preparing to stuff ballot boxes with votes just before the polls open to make them "pregnant."

In other instances, it says, "floating armies" are being recruited across Mexico to go from one polling place to another in groups of 100 or more on election day, casting ballots at each stop on their "carrousel."

An alternative practice that will produce the same result is for a single voter, known to be a loyal supporter of the Institutional Revolutionary Party, to stuff as many as 20 ballots, or "tacos," at a time into ballot boxes.

In voting precincts that have a history of supporting the opposition, the document said, artificial delays are being planned in hopes that voters will grow impatient and leave, or governing party muscle-men are called in to threaten voters and election judges affiliated with opposition parties.

That failing, the manual charges, the Institutional Revolutionary Party is likely to alter or forge the tallies from precincts and submit them as genuine to the electoral commissions it controls.

Opposition leaders also say the list of 38 million voters for the upcoming elections includes non-existent persons and addresses and deliberate typographical errors that list thousands of ruling party supporters more than once, and omits many known supporters of opposition parties.

By Our Staff From Dispatches  
**NEW YORK** — The U.S. government filed suit Tuesday to force the Teamsters union to hold free elections and other reforms.

International Brotherhood of Teamsters, charging that the large U.S. union was dominated by organized crime.

The suit says the union's "control is so pervasive that for decades the leadership has permitted La Nostra figures to dominate corrupt important Teamsters joint councils and benefit funds."

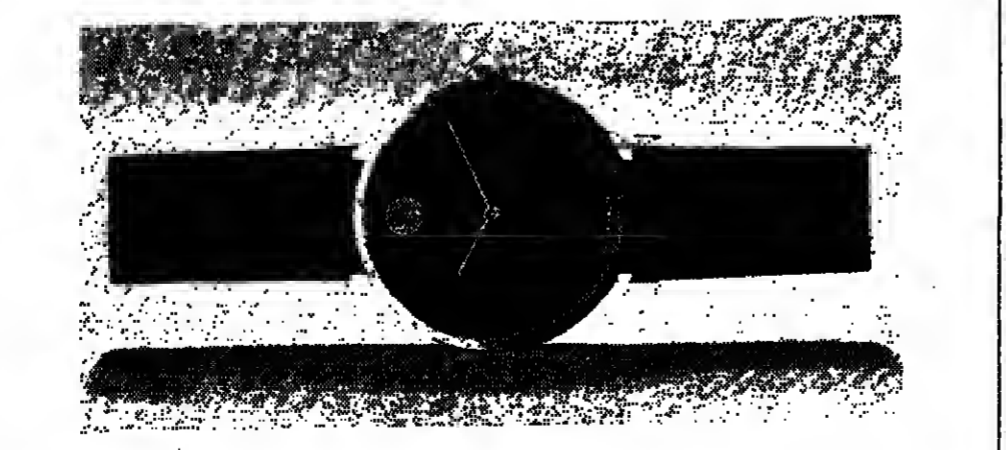
Teamsters Union president, Frank Fitzsimmons, is already under indictment in Cleveland, and 17 others named as defendants, as well as alleged Mafia members or associates, including the heads of job families.

The government wants a federal judge to remove from office any Teamsters officers found to have violated federal racketeering laws, is seeking appointment of a trustee to insure free and fair elections.

The suit also alleges that the Teamsters had deprived members of rights through racketeering, including 20 murders, shootings, stings, beatings, bribes, extortions and misuse of funds.

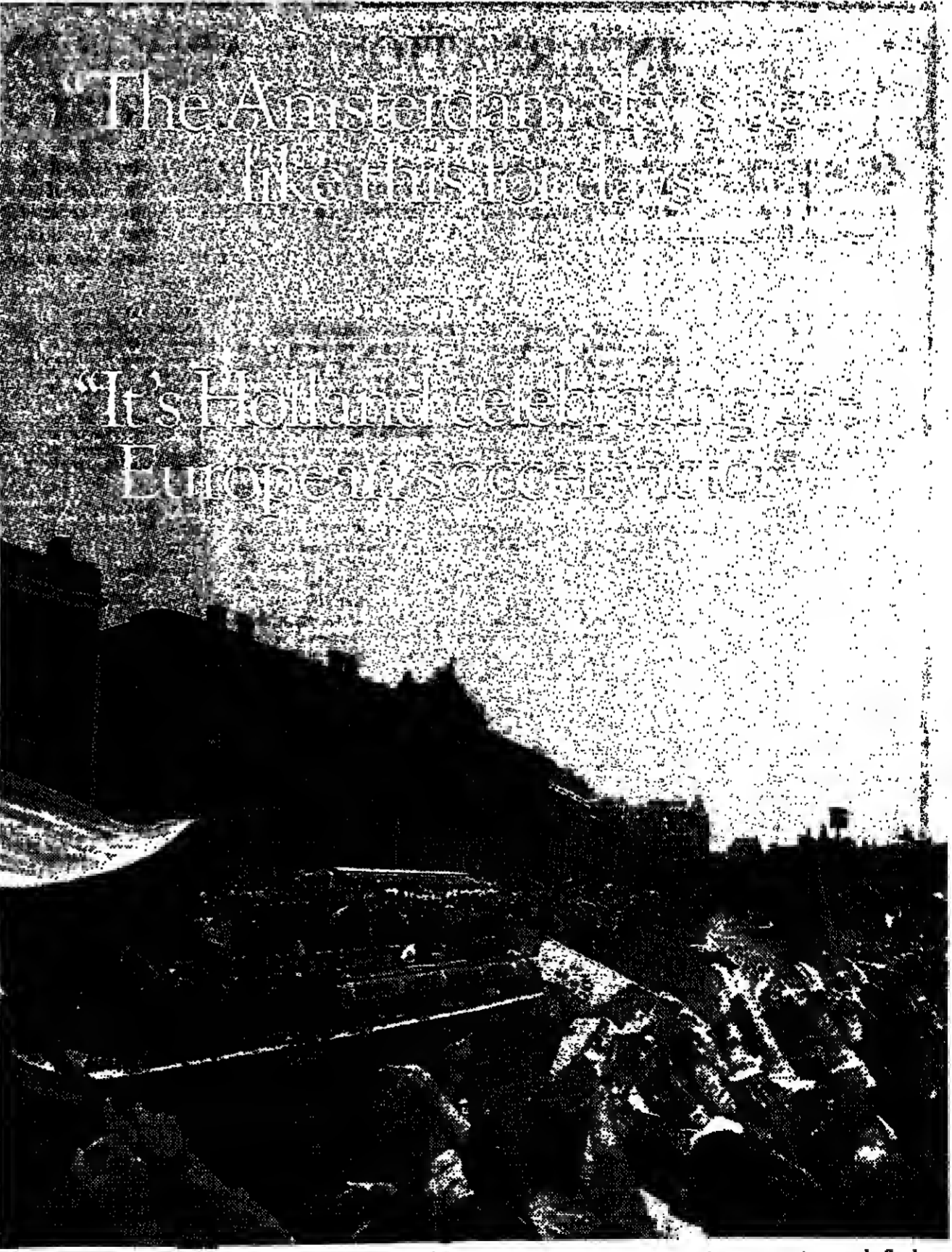
The suit was the first time the federal government has taken action against a major national union on the grounds that it was influenced by organized crime.

**HERALD GODFREY**  
 Fox-Easburn Art  
 Exhibition of recent acquisitions including:  
 Archibald Bonness,  
 Hiroo & Tomoy Dymov  
 Inland Pathway, Japanese  
 Screens & Miniatures  
 June 6 - July 4  
 14 Mount Street, London W1.  
 Tel: 01-409 2777



The Movado® Museum® Watch: A pure expression of time as art. The watch dial selected for the permanent collection of the Museum of Modern Art, is a classic in modern design.

**MOVADO**  
 The Museum Watch.  
 The Museum dial is a trademark of Movado.  
 Movado, 2540 Grenchen, Switzerland



Since the winning goal on Saturday, the Dutch have turned out for an unprecedented celebration. KLM congratulates the 'Oranje' team.

Look for the video highlights of the tournament on our intercontinental flights.

Test us, try us, fly us.

The Reliable Airline **KLM**  
 Royal Dutch Airlines

# Gorbachev Admits Economy Fails and Urges Freer Market

By Bill Keller  
New York Times Service  
MOSCOW — Conceding that his economic program had become badly bogged down, Mikhail S. Gorbachev called Tuesday for new measures to lift controls on farming, industry and private business and give more freedom to the marketplace.

The Soviet leader, in his opening speech to a national Communist Party conference, said that his earlier economic proposals had been too timid and shortsighted, and had become entangled in bureaucratic resistance.

Mr. Gorbachev warned, apparently for the first time, that the Soviet Union faced a problem familiar to the West: a budget deficit that has created a danger of inflation.

The speech was Mr. Gorbachev's most candid admission to date that his economic program had failed to break the stranglehold of central government ministries and to raise his people's standard of living.

The disappointments of the economy were clearly a motivating force behind the political transfer of power that was the main theme of his speech.

Mr. Gorbachev called for shifting political power from the Communist Party to elected government bodies, and from Moscow to localities.

The speech moved the Soviet leader more decisively into the camp of his more radical economic advisers, who have complained for months that the economic changes put into place over the past two years were too little and too slow.

"There was a lot we simply did not know and did not see until now," Mr. Gorbachev said. "The neglect in various fields of the economy turned out to be more serious than we had initially thought."

Mr. Gorbachev said one major mistake had been allowing the traditional practice of price setting and government distribution of supplies to continue. This, he said, had turned out to be a major impediment to economic revival.

Discarding his earlier plan to maintain this system until the next decade, he declared that before 1990 companies must begin competing in a wholesale marketplace for their energy and raw materials.

Mr. Gorbachev also hinted strongly that he no longer planned to wait two years before raising prices on consumer goods like meat and milk. The Soviet leader last year backed away from price in-

creases on consumer goods because of strong popular resistance.

"It is absolutely necessary, therefore, to resolve this problem no matter how difficult it may be and no matter what doubts and fears it may create at first glance," he said.

The Soviet leader promised that money taken away from consumers in the form of higher prices would be returned to the population in some form of compensation.

In a proposal with important political and economic ramifications, the Soviet leader said local governments should be allowed to tax the earnings of companies in their jurisdiction.

This move, he suggested, would strengthen the financial clout of the local governments, which now take their budgets from Moscow, and would make producers more sensitive to customers.

In another move that has been urged by many of his economic advisers, Mr. Gorbachev promised strict new limits on the power of government ministries to dominate factories by issuing state orders for products.

He said this power had essentially become a back-door way of running the economy from Moscow, instead of letting consumer demand drive industry.

He said the emphasis on churning out more goods, regardless of who wants them, must give way to use of the market and a greater emphasis on quality.

Mr. Gorbachev's speech shows him searching increasingly for private, market solutions to his country's economic ills.

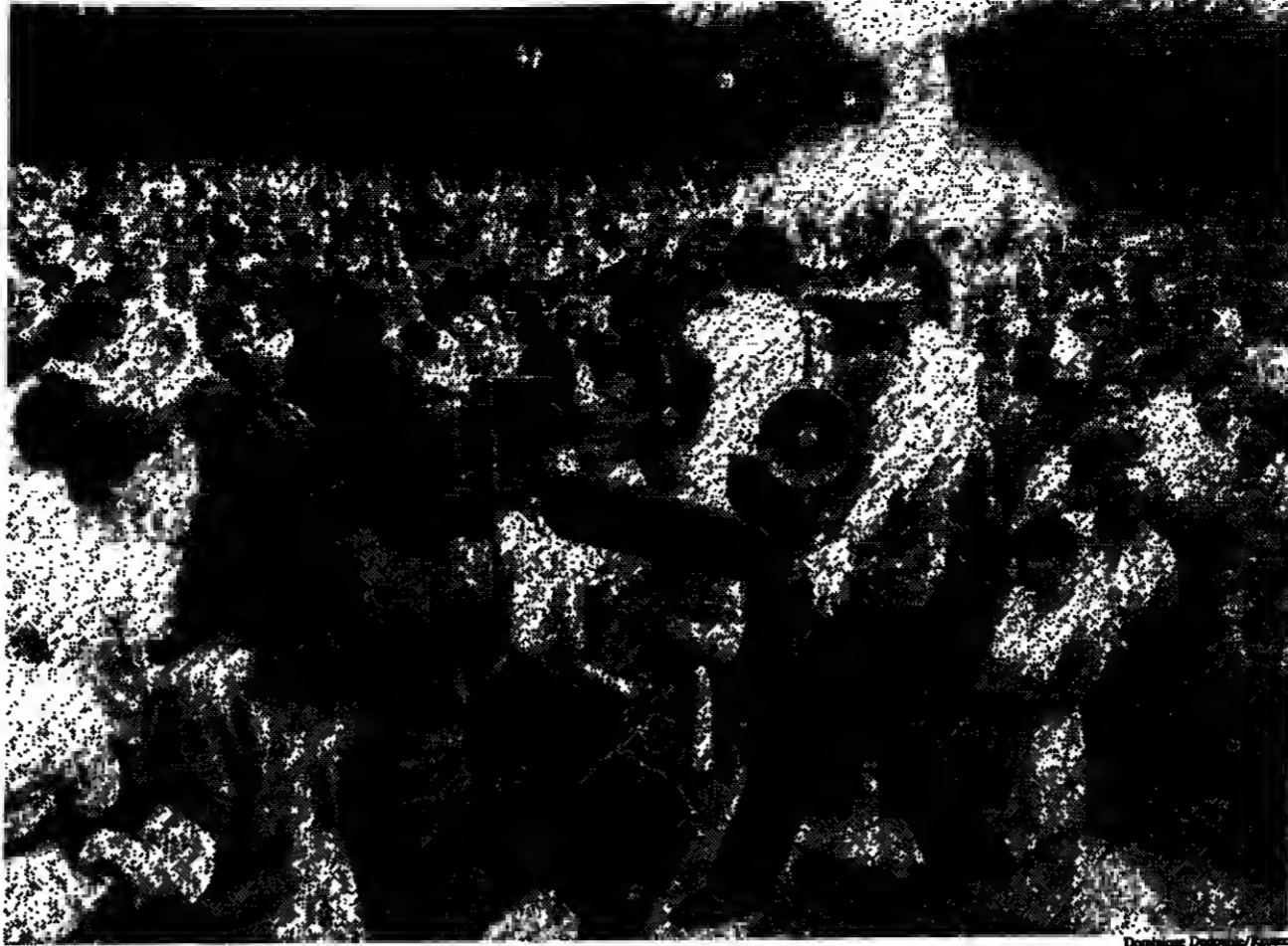
He renewed his appeal for greater use of small-scale, leasehold farming as the solution to the country's critical food shortage.

Although the government has lifted many controls on farming, he said with evident frustration, local bureaucracy and old habits have prevented food production from gaining on the growth of the population.

Discussing the persistent housing shortage, he said the solution lay in lifting restrictions on private ownership.

In discussing the country's economic predicament, Mr. Gorbachev pointed to a problem long known to exist but rarely discussed in public.

"For many years," he said, "state budget expenditures grew more rapidly than the revenue. The budget deficit is pressing down upon the market, undermining the stability of the ruble and of monetary circulation as a whole, and giving rise to inflationary pressures."



As hundreds gathered Tuesday in Moscow to mark the party conference, a policeman struggled to get a TV crew off a flower bed.

## Main Points of Speech SOVIET: Gorbachev Asks Reform

(Continued from page 1)

Region of Azerbaijan. He appealed instead to the people of the Soviet Union to get along together instead of wrangling over ethnic differences.

**Legal System** — The Soviet legal system is conservative, he said, and based on command-style administration rather than democracy. Mr. Gorbachev urged radical reform of the courts and improvements in the militia after what he called major mistakes and abuses.

**Foreign Policy** — Some mistakes were made in foreign policy because of a lack of proper consultation. Changes at home demanded a change of tack in foreign affairs, making possible breakthroughs in disarmament.

In foreign economic policy, priority will be given to socialist countries. The long-term plan includes transition to a convertible ruble and a single socialist market.

**Science and Culture** — The Soviet Union should reform its approach to science because it has fallen behind in some important areas, particularly basic research. There should be more funding for scientific work. It is important to boost the intellectual and spiritual potential of science, education and all culture.

**Youth** — Fundamental changes are needed in education. Policy towards the young should be discussed at a Party Central Committee plenary meeting.

**Women** — Women are unable fully to enjoy their rights in the Soviet Union because they have so many duties to perform and suffer inadequate living conditions and poor child-care facilities. They should be better represented on governing bodies at all levels and become more involved in solving problems which directly affect them.

**Human Rights** — Human rights are an integral part of socialism and must be borne in mind in the country's reforms. Planned political reforms are aimed at enhancing people's political rights, which had been painfully affected by the old command-style leadership.

(Continued from page 1)

But this is no reason for a disreputable attitude to the spiritual-mindedness of the believer, still less for applying any administrative pressure to assert materialistic views.

Mr. Gorbachev seemed to walk a fine line on the issue of individual rights. He criticized the police for abuses and asserted the "inviolability" of citizens' private lives, even mentioning the need for "secrecy of telephone communication, postal and telegraph correspondence."

On the other hand, he appeared to please the delegates quite a bit more when he spoke in defense of the society's right to protect itself from "money-grubbers, scoundrels, pillagers, hoodlums, slanders and bores" through what he called effective means.

To one of the few moments of applause, Mr. Gorbachev said, "Democracy is incompatible either with wantonness or with irresponsibility or with permissiveness."

Just hours after Mr. Gorbachev spoke, about 200 Crimean Tatars tried to demonstrate in central Moscow. Policemen dragged them to buses and took them away after they had unfurled banners demanding the right to return to the Crimean homeland, from which they were exiled in 1944.

A few blocks away, policemen dragged away members of a citizens' group called the Democratic Union, which advocates a multi-party political system.

Of all Mr. Gorbachev's remarks, the ones that went furthest beyond the current debate in the Soviet Union, were his specific proposals for political and institutional change.

Mr. Gorbachev proposed that the present Supreme Soviet, or parliament — which has a membership of 1,500 — should add 750 representatives elected by various civic organizations.

The new body, the Congress of People's Deputies, would be responsible for electing the president and a Supreme Soviet with approximately 400 members.

According to Mr. Gorbachev's plan, the Congress of People's Deputies would meet annually to discuss major policy issues, while the Supreme Soviet would stay in session throughout the year.

# U.S. to Join With Israel To Build Anti-Missile

By David B. Ottaway  
Washington Post Service  
WASHINGTON — Israel and the United States will sign a memorandum of understanding in the next few days for the joint development and experimental testing of an anti-tactical ballistic missile to help Israel cope with what it sees as the growing missile and chemical weapons threat from its Arab neighbors, a high-ranking Israeli source said Tuesday.

The missile, known as the Arrow, is already under development in Israel but the Israelis are anxious to get U.S. funding and technology for the project. According to the proposal now under discussion, the United States would put up 80 percent of the cost and Israel the remainder to develop the technology and "prove by demonstration that it is feasible," the source said.

A Defense Department spokesman said the government had reached "a verbal agreement" in April on the project, "to demonstrate the Israeli proposed concept for the Arrow." The U.S. contribution, he said, will be "less than \$140 million" spread over three fiscal years.

Defense Minister Yitzhak Rabin of Israel met with President Ronald Reagan Tuesday and other top administration officials, including Defense Secretary Frank C. Carlucci, earlier to discuss what Israeli leaders view as the primary threat to their security: the potential use by Arab states of missiles carrying chemical warheads in another Arab-Israeli conflict.

The Israeli source said that as a result of the "intensive" use of missiles by Iraq and Iran against each other's cities, there was a "growing change of attitude" throughout the Middle East about using them and a new arms race to obtain ground-to-ground missiles.

U.S. officials have said recently that the proliferation of intermediate-range missiles in the Middle East has also become one of the administration's principal concerns.

## STRATEGY: A Vow to Fight On

(Continued from page 1)

of full civil disobedience by the year-end.

There is a sense among Palestinians that there can be no turning back, even if it means more hardship and repression.

"We know internally that if we stop they are going to crush us," the merchant said. "We have to keep going, changing our tactics as needed to do what we can do best to keep Israel off guard," the leader said.

Though the revolt began spontaneously last December, it soon spawned an effective leadership. Relying heavily on grass-roots organizations and unions, women's groups, professional associations and youth organizations, the leadership has found the tools to oppose Israeli occupation in ways that it could never do before.

The leadership has been drawn from five groups: Yasser Arafat's Fatah; the Palestine Communist Party; the fundamentalist Islamic Jihad; and two Marxist groups, the Democratic Front for the Liberation of Palestine and the Popular Front for the Liberation of Palestine.

Though four of the groups belong to the Palestine Liberation Organization, it is local, clandestine PLO figures who are in charge, not the external organization based in Tunis.

Initially, each of the five groups provided three members to a 15-member Unified Command. But recently, for reasons of security and efficiency, that number has been cut back to five members, one from each of the factions.

One of the main organizing tactics used by the Unified Command

is the distribution of clandestine leaflets. Whether by threats and coercion or by conviction and solidarity, "Palestinians have closely followed the leaders' instructions."

The revolt has been bolstered by apparently more than adequate funds to cushion the economic impact of protracted strikes, boycotts and Israeli reprisal measures.

"We have all the money we need now, and then some," the Unified Command leader said.

To date, the money for the uprising — estimated by some sources at \$750,000 or more per month — has been provided by the PLO or by collections in the occupied territories from wealthy Palestinians and businessmen.

The summit of Arab leaders in Algiers earlier this month announced that an agreement had been reached on funding the revolt, but no figures were released. So far, no money pledged at the summit has reached the occupied territories, according to Unified Command members.

With or without that money, Palestinian leaders say, the uprising will continue until their demands are met.

According to Unified Command leaflet No. 20, the uprising might be stopped if Israel agrees to free municipal elections under international supervision, the introduction of an international peacekeeping force, an end to Israel's policy of deporting, troubling and imprisoning the fourth Geneva accords, which set standards for the treatment of civilians by occupying powers.

Until then, the Ramallah leader said, "the struggle will, and must, continue."

## PLO: U.S. Assesses a Peace Feeler

(Continued from page 1)

administration officials said they were especially intrigued by its call for negotiations with Israel. It also called for a referendum in the Israeli-occupied territories to determine who will speak for Palestinians at peace talks.

Administration officials said that the document would not prompt the United States to open a dialogue with representatives of the PLO or governments that are friendly with the organization.

Some administration officials said they suspected the PLO may be under some pressure to moderate its position. When Mr. Arafat, the PLO chairman, visited Moscow in April, Mikhail S. Gorbachev, the Soviet leader, publicly urged him to

respect the security and territorial rights of Israel.

Mr. Arafat's action seemed to be part of a larger move away from traditional Soviet support of Arab causes to an approach that also includes better relations with Israel and a peaceful resolution of regional disputes.

Mr. Arafat has made it a practice to allow other PLO officials to make moderate-sounding statements, while declining to publicly endorse or disown them himself. His reaction to his spokesman's statement was no exception.

When asked Friday in Belgrade whether Mr. Abu Sharrif's document was an authentic PLO statement, Mr. Arafat said, according to the Yugoslav press agency, "I will not tell this to you, but only to an American representative."

The agency also quoted Mr. Arafat as saying: "With the Israelis I can talk only at an international conference. I am not an amateur in politics. I am president of the PLO."

The issue of an international conference on the Palestinian question remains a major stumbling block to any resolution of the issues of Palestinian rights and statehood.

Mr. Shamir is firmly opposed to such a conference, and even if all sides could agree to convene talks, there is no agreement on the mandate of the conference or on who would represent the Palestinians.

## TILT: Poll Favors the Democrats

(Continued from page 1)

3,021, in May — to probe for undecided attitudes.

The survey has developed a unique, value-based classification system, which divides the electorate into 11 segments, each sharing a common set of views about the world, the nation and the government.

Other than the "disaffecteds," Mr. Bush is doing quite well with the main parts of the Reagan coalition. He is backed by four of five voters in the two main blocs of Reagan supporters: the mostly male, white, affluent, educated "enterprisers" and the largely southern "moralists," including many born-again Christians.

In the last year, support for Mr. Bush also has markedly increased among the "upbeats," a younger, white, middle-income constituency, few of whom have attended college and who say they believe in

the American dream. Mr. Bush has risen from 47 to 70 percent support among "upbeats" but, as with "enterprisers" and "moralists," he lags behind Mr. Reagan's nearly unanimous levels.

Mr. Dukakis has gained 80 to almost 90 percent support from three main blocs of Democrat-leaning voters — the "partisan poor," many of whom are black, the elderly "New Dealers" and the "60s Democrats."

## ATHENS: U.S. Attaché Is Slain

(Continued from page 1)

grace Agency chief in Athens, Richard Weis, in 1975.

In 1983, the group, which has consistently eluded police efforts to capture its leaders, said it killed George Tsamias, a U.S. military liaison official at the embassy in Athens.

Last year, November 17 claimed responsibility for two attacks on buses carrying U.S. personnel. In 1985, 69 Americans were injured in a bomb attack on a nightclub. U.S. personnel have since been issued standing orders to avoid congregating in large numbers at such places. The last anti-American attack in Athens was in March, when 14 persons were injured in a bar frequented by U.S. personnel from a military base south of the capital.

One of the group's demands is the removal of U.S. military facilities in Greece, whose future is currently under negotiation in talks between Athens and Washington. U.S. Embassy officials said it was not immediately known if Captain Norden was a member of the U.S. delegation at the discussions. As defense attaché, however, the presence of the bases in Greece was one of his principal concerns, Western diplomats said.

According to U.S. officials, the current agreement covering four major U.S. installations and about 20 smaller facilities expires next month. At the time, Greece, a member of the North Atlantic Treaty Organization, is expected to invoke termination procedures permitting Athens to give the United States 15 months to dismantle its military presence, the officials said.

## TOLL: Brakes Are Cited in Paris Crash That Killed 59

(Continued from page 1)

the crowded train in the station, which was headed for the suburb of Villeneuve-Saint-Georges.

After passing the red signal, the engineer, Daniel Saulin, had time to warn passengers over an intercom system to move to the back and brace for an impact, and managed to send a radio message to the station before jumping out of his cab seconds before the crash.

He was reported slightly injured, and was being questioned as part of a judicial inquiry, rail officials said. They praised the professionalism of Mr. Saulin, 43, who had about 14 years experience as a driver.

The driver in the stationary train was killed.

As he saw the incoming train hurtling down the track, he had also yelled a warning to passengers, but it was too late for most of them to leap onto the platform.

Most of the casualties were in the first-class compartment at the head of the stationary train, which was less crowded than the second-class compartments further back.

Philippe Rouvillois, director-general of the railroad company, said both trains were of heavy steel construction built to withstand an impact of at least 40 tons. But the incoming train mounted on top of the waiting train, peeled back the roof of the first-class carriage along three quarters of its length and

came to rest wedged against the roof of the underground station.

Since 1981, 82 people have been killed and more than 450 injured in eight previous accidents on the French railroads. The two most serious accidents occurred in August, 1985, killing a total of 75 people.

**Rail Crash in Germany**

Officials said a woman was killed and eight persons seriously injured Tuesday when a West German express smashed into a derailed freight train. Reuters reported from Saarbrücken, West Germany, that the freight train had gone off the tracks when it ran into a mudslide.

**ACENTURY OF NEWS**  
FROM THE ARCHIVES OF THE  
INTERNATIONAL HERALD TRIBUNE 1887-1987

This handsome, large-format book allows such excellent reproduction of historic Herald Tribune material that you'll be poring over the pages with the same intense excitement as the original readers. Not only front pages — with such news headlines as Queen Victoria, Charles Lindbergh, the first astronauts, right up to Reagan and Gorbachev — but also interviews with famous figures, feature articles, memorable sports pages and fascinating "retro" advertising. All from the paper that's been in tune with its time for over 100 years.

The book, compiled by Bruce Singer, starts off with an entertaining introduction by Art Buchwald. Material is organized by decades, with a review of each 10-year period from historical and journalistic viewpoints.

A superb personal or business gift. Hardcover (27 x 37 cm/10.5 x 14.5 in) 188 pages of reproduction and illustrations. Co-published with Thames & Hudson (London) and Harry N. Abrams (New York). Available in book stores and from the International Herald Tribune.

Payment is by credit card only. All major cards are accepted. (Please note that French residents may pay by check in French francs, at the current exchange rate. We regret that checks in other currencies cannot be accepted.)

Please charge to  Access  Amex  Diners  
my credit card:  Eurocard  MasterCard  Visa

Card no. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_ (Indicate for credit card purchase)

**Herald Tribune**

Book Division, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France.

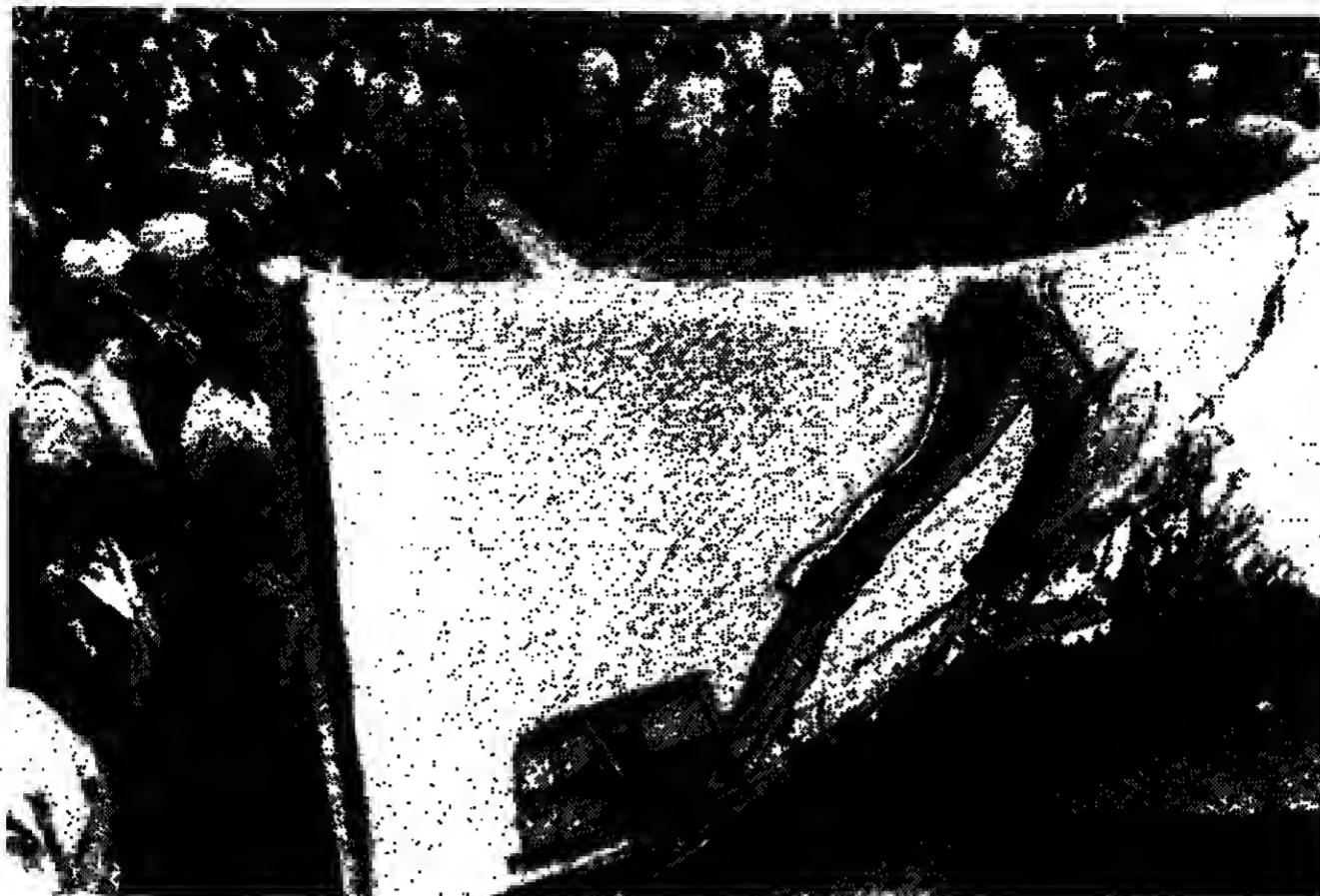
Please send me \_\_\_\_\_ copies of A CENTURY OF NEWS FROM THE ARCHIVES OF THE INTERNATIONAL HERALD TRIBUNE, at U.S.\$45.00 each, plus postage: \$5 each in Europe; \$14 each all other countries.

Name on BLOCK LETTERS \_\_\_\_\_  
Address \_\_\_\_\_  
City/Code \_\_\_\_\_  
Country \_\_\_\_\_

29-6-88

مكتبة الجليل

# Romania Closes Hungarian Consulate in Dispute



Hungarians protesting in Budapest against a Romanian plan to raze villages, including many inhabited by the Hungarian minority.

**The Associated Press**  
 VIENNA — Amid mounting tensions between Hungary and Romania, neighboring Warsaw Pact allies, the Romanian government on Tuesday ordered the immediate closure of a Hungarian consulate and expelled the consular staff, the Hungarian press agency MTI said.

The decision to close the consulate in Cluj-Napoca was apparently prompted by a demonstration in Budapest on Monday in which 50,000 Hungarians protested a project calling for the demolition of thousands of Romanian villages, including ethnic Hungarian communities, by the year 2000.

The plan is depicted by the Romanians as rural modernization.

The Hungarian press agency said that Romanian foreign minister, Ioan Tom, called in Ambassador Pal Szecs and told him that Romania considered the operation of the consulate as "terminated with immediate effect."

According to MTI, the Romanian leadership also demanded that the staff "should leave the territory of Romania within 48 hours."

Cluj-Napoca is a city in Transylvania in northwestern Romania where most of the 1.7 million ethnic Hungarians live. To Hungarians it is known as Kolozsvár.

The Romanian president, Nicolae Ceausescu, rejected on Tuesday all criticism of his village demolition program and accused the Hungarian leadership of having actively supported the Budapest protest demonstration.

The protesters, many of them carrying torches or candles, filed past the Romanian Embassy in the biggest rally organized by a dozen unofficial groups since the 1956 Hungarian uprising.

Reacting quickly to the demonstration and a growing wave of Hungarian protests over the resettlement plan, President Ceausescu denounced what he called "new actions of a chauvinistic, nationalistic, anti-Romanian, anti-socialist nature" in Hungary.

The Hungarian agency said: "Responsibility for violating the consular agreement that is in force" between the two countries lies with the Romanian government.

It added "this severe Romanian measure" would not divert Hungary from "its principled policy aimed at deepening friendship between the Hungarian and Romanian peoples, strengthening the connecting role of the nationalities living in their countries."

In a speech to the Romanian Communist Party's Central Committee in Bucharest, Mr. Ceausescu also hinted that he may direct the Romanian Embassy in Budapest to scale down operations following the protest rally.

**Passa de Cartier**

**THE ULTIMATE WATCH**

PARIS - LONDON - NEW YORK  
 MONTE-CARLO - GENEVA - MILAN  
 AND ONE HUNDRED AND TWENTY CARTIER STORES IN MAJOR CITIES WORLDWIDE.

## Projects Demands

### President Bars Deal for Pol Pot

**Reuters**  
**PHNOM PENH** — President Hun Sen of Cambodia said today that he would not dissolve the Vietnamese government as of any settlement of the 10-year conflict with guerrilla groups.

Heng Samrin said Phnom Penh was ready to negotiate with Cambodian opposition, but not the leadership of the Khmer Rouge. He said his government categorically rejected the proposition of the Khmer Rouge leader Pol Pot, whom he called an "ambitious, and other unnamed" Rouge leaders.

Heng Samrin said his government also would not give in to demands by the UN-recognized coalition to disband or to back seat in Vietnam in any talks.

He said there could be "no denial" of the Cambodian government's role, referring to the Provisional Government of Cambodia that he said there was "no political diplomatic means" that topple his government.

Heng Samrin, in a speech at National Theater to some of the 100,000 Vietnamese military staff advisers, called their return a historic turning point.

Samrin's announced pullout of 10 troops from Cambodia this week has been under way since the 40,000 of them will be withdrawn by the weekend, Cambodian officials said. At least 50,000 Vietnamese troops will remain in the country.

From this day the party, army people take upon themselves the task of defending the country," he said at an audience that included officials, diplomats, journalists and senior soldiers.

Mr. Heng Samrin spoke to departing troops, Vietnam was using a blueprint for peace from the Cambodian guerrilla coalition, he said.

Samrin said he had direct talks in Jakarta between Hanoi and the coalition, and at the dismantling of the Samrin government.

Samrin categorically rejects this proposal, said a Radio Hanoi broadcast, monitored in Phnom Penh on Tuesday.

Heng Samrin said his forces gained enough battle experience since 1973 to cope with the ill-fated Vietnam invasion of the country in 1978 to drive out the Khmer Rouge government of Pol Pot.

At present, the guerrillas have been able to occupy even a inch of territory nor any military positions," Mr. Heng Samrin said.

They have not been able to enter a single village. They threaten and oppress a certain number of people but they have no popular sympathy," he said.

Vietnamese withdrawal has impeded efforts by both sides of the conflict to negotiate a settlement.

Hanoi has said the 10,000 troops remaining after this withdrawal will be gone by the end of the year.

## South Korea to Free Some Political Prisoners

**Reuters**  
**SEOUL** — South Korea will grant amnesty to a number of political prisoners this week, the anniversary of President Roh Tae Woo's public commitment to democratic reforms, a Justice Ministry spokesman said Tuesday.

The spokesman did not say how many persons would be released under the amnesty, which is scheduled for Thursday. But sources in the governing party said the action would benefit more than 40 prisoners jailed for anti-government activities.

It was not clear whether the amnesty would include prominent dissidents such as Kim Kun Tae and Chang Ki Pyo, whose release has been demanded by the opposition.

Mr. Kim and Mr. Chang are the best-known dissidents still in prison since Mr. Roh granted amnesty to 125 political prisoners in February to mark his inauguration as president.

Mr. Kim, 40, was sentenced to five years in jail in 1986 on charges that he tried to overthrow the Seoul government and promoted propaganda from North Korea.

At his trial, Mr. Kim said he had been subjected to repeated electric shock and other torture over a one-month period in a police center in Seoul to make him confess to the charges.

Mr. Chang, the leader of an opposition group, was sentenced to seven years in jail for organizing a violent 1986 demonstration in the city of Incheon.

Wednesday is the first anniversary of Mr. Roh's "June 29 declaration" when, as ruling party chief, he pledged to initiate a series of political reforms, including fair presidential elections, a range of civil liberties, and amnesty for a leading government critic, Kim Dae Jung.

His announcement ended weeks of violent protests across the country against former President Chun Doo Hwan.

Mr. Roh went on to win the presidency in an election in December.

Opposition estimates of political detainees vary from 500 to about 1,000. Justice Ministry officials put the figure at just under 350.

## Qatar Defies U.S. on Stinger Missiles

**By Elaine Sciolino**  
**New York Times Service**  
**WASHINGTON** — The Gulf sheikhdom of Qatar, which has traditionally sought good relations with the United States, is defying the Reagan administration by refusing to turn over American-made Stinger missiles that it bought on the black market.

The United States protested Qatar's acquisition of the anti-aircraft missiles on Saturday, when Richard W. Murphy, the assistant secretary of state for Near Eastern and South Asian affairs, met in Doha, the capital of Qatar, with Crown Prince Hamad bin Khalifa al-Thani, the defense minister. The purchase of the Stingers is illegal under U.S. law.

Mr. Murphy told the prince that the United States wanted immediate access to the missiles to determine through their serial numbers who sold them to Qatar, and he demanded that the missiles be returned to the United States, State Department officials said.

Prince Hamad rejected the demands, saying Qatar needed the missiles to defend against threats to its security, the officials said. "So far, we're at an impasse," a State Department official said. The Stingers are widely sought but rarely sold in the Middle East.

Washington's displeasure with Qatar comes at a time of increased concern in both the United States and Israel over the spread of ballistic missiles in the region.

The United States has little leverage over Qatar, which buys no weapons and receives no military or economic aid from Washington.

The United States learned that Qatar had Stinger missiles in March, when American Embassy officials in Bahrain noticed a Stinger missile in an official military parade in Qatar.

When administration officials confronted Qatar with the evidence, officials in Doha admitted that they had secretly bought 12 of the Stingers, but the officials refused to identify the source.

Mr. Murphy's efforts were intended to signal to Qatar that its black-market purchase of the Stingers has hurt relations with the United States and will make military cooperation impossible until the missiles are returned.

The U.S. officials speculate that Qatar bought the Stingers from arms dealers with access to weapons intended for Afghan guerrillas or that they were part of a shipment seized by Iranian Revolutionary Guards from Afghan insurgents a year ago.

Qatar's purchase of the Stingers has raised concern in Washington that the weapons, which have been covertly supplied by the United States to the Afghan guerrillas, could spread throughout the region.

## South Korea to Free Some Political Prisoners

**Reuters**  
**SEOUL** — South Korea will grant amnesty to a number of political prisoners this week, the anniversary of President Roh Tae Woo's public commitment to democratic reforms, a Justice Ministry spokesman said Tuesday.

The spokesman did not say how many persons would be released under the amnesty, which is scheduled for Thursday. But sources in the governing party said the action would benefit more than 40 prisoners jailed for anti-government activities.

It was not clear whether the amnesty would include prominent dissidents such as Kim Kun Tae and Chang Ki Pyo, whose release has been demanded by the opposition.

Mr. Kim and Mr. Chang are the best-known dissidents still in prison since Mr. Roh granted amnesty to 125 political prisoners in February to mark his inauguration as president.

Mr. Kim, 40, was sentenced to five years in jail in 1986 on charges that he tried to overthrow the Seoul government and promoted propaganda from North Korea.

At his trial, Mr. Kim said he had been subjected to repeated electric shock and other torture over a one-month period in a police center in Seoul to make him confess to the charges.

Mr. Chang, the leader of an opposition group, was sentenced to seven years in jail for organizing a violent 1986 demonstration in the city of Incheon.

Wednesday is the first anniversary of Mr. Roh's "June 29 declaration" when, as ruling party chief, he pledged to initiate a series of political reforms, including fair presidential elections, a range of civil liberties, and amnesty for a leading government critic, Kim Dae Jung.

His announcement ended weeks of violent protests across the country against former President Chun Doo Hwan.

Mr. Roh went on to win the presidency in an election in December.

Opposition estimates of political detainees vary from 500 to about 1,000. Justice Ministry officials put the figure at just under 350.

## STRATEGY: Vietnam

... said there could be "no denial" of the Cambodian government's role, referring to the Provisional Government of Cambodia that he said there was "no political diplomatic means" that topple his government.

Heng Samrin, in a speech at National Theater to some of the 100,000 Vietnamese military staff advisers, called their return a historic turning point.

Samrin's announced pullout of 10 troops from Cambodia this week has been under way since the 40,000 of them will be withdrawn by the weekend, Cambodian officials said. At least 50,000 Vietnamese troops will remain in the country.

From this day the party, army people take upon themselves the task of defending the country," he said at an audience that included officials, diplomats, journalists and senior soldiers.

Mr. Heng Samrin spoke to departing troops, Vietnam was using a blueprint for peace from the Cambodian guerrilla coalition, he said.

Samrin said he had direct talks in Jakarta between Hanoi and the coalition, and at the dismantling of the Samrin government.

Samrin categorically rejects this proposal, said a Radio Hanoi broadcast, monitored in Phnom Penh on Tuesday.

Heng Samrin said his forces gained enough battle experience since 1973 to cope with the ill-fated Vietnam invasion of the country in 1978 to drive out the Khmer Rouge government of Pol Pot.

At present, the guerrillas have been able to occupy even a inch of territory nor any military positions," Mr. Heng Samrin said.

They have not been able to enter a single village. They threaten and oppress a certain number of people but they have no popular sympathy," he said.

Vietnamese withdrawal has impeded efforts by both sides of the conflict to negotiate a settlement.

Hanoi has said the 10,000 troops remaining after this withdrawal will be gone by the end of the year.

## U.S. Officials, Split on Issue, Weigh Pros on Soviet Radar Site in Siberia

**Michael R. Gordon**  
**New York Times Service**  
**WASHINGTON** — Facing divisions in their ranks on the Reagan administration officials Tuesday to consider what about a disputed Soviet early-warning radar facility in Siberia.

The Defense Department officials hard-liners elsewhere in government want to declare the "material breach" of the anti-ballistic missile treaty, a that could give the United States the right to suspend some of its obligations under the treaty.

This approach is being resisted by State Department officials and Arms Control and Disarmament Agency. State Department officials have proposed inspections in firm that work on the radar site.

United States has long argued that the radar, at Abisko near Krasnoyarsk, violates the ABM Treaty because it is not in the periphery of Soviet territory and is intended to track and intercept incoming missiles. Those treaty provisions are intended to prevent the development of a wide anti-missile defense.

The administration has demanded that the radar be dismantled.

and U.S. officials informed the Soviet side at the recent Moscow summit meeting that the United States would not sign a new strategic arms treaty until the dispute over the radar had been resolved.

The Soviet side has denied that the radar violates the treaty, but last October it imposed a one-year moratorium on the unfinished site.

Discussion of the issue has become more heated because the administration is preparing for a five-year review of the ABM Treaty, to be held with Soviet officials before Oct. 1. U.S. officials said that the review might be held as early as next month and that the U.S. delegation was likely to be headed by William F. Burns, the director of the Arms Control and Disarmament Agency.

Specialists say it is not clear what actions might be taken if the radar is pronounced a "material breach" of the ABM Treaty. But some officials have suggested that the United States might stop adhering to limitations on testing and deployment of advanced space-based sensors.

Critics of this approach assert that a declaration of "material breach" would be an empty gesture because Congress would be unlikely to provide funds for a new U.S. program if no work was being carried out on the Soviet site.

**U.S. to Start Inspection**  
 U.S. inspectors will start visits to Soviet bases on Friday to oversee destruction of medium-range nuclear missiles under the terms of the new U.S.-Soviet treaty, Reuters reported from Tokyo.

Captain David Olson, the senior regional officer for the operation, said on Tuesday that inspectors were at Yokota air base in Japan and would start visits to remote sites to verify destruction of medium-range nuclear missiles.

## Mugabe Pledges Zimbabwe Aid

**Reuters**  
**HARARE, Zimbabwe** — Zimbabwe troops will stay in Mozambique until trade routes to the secure, President Robert Mugabe pledged on Tuesday.

At a new session of Parliament, Mr. Mugabe said that the would "remain in that country until the enemy is neutralized".

Zimbabwean troops, numbering at least 7,000, are deployed in the corridor to the port of Beira. They forces of the Maputo government, which is fighting the rebel Frelimo National Resistance Front.

# Who Has 3,900 Business Connections In America?

**Delta. With The Most Flights Every Day.**

When you travel to America, you'll find it's just good business to fly Delta. We offer more flights than any other airline—over 3,900 departures a day to over 240 cities on Delta and The Delta Connection. More frequent flights means shorter connection times and a more productive business day.

Delta flies nonstop from Paris to Atlanta. Once you land in America, you'll find Delta professionals right at the gate, ready to help with directions or connections. The customs/immigration facilities in our Atlanta gateway airport are modern, spacious and designed to speed you on your way. Then we'll take your baggage to your connecting flight.

When you fly Business Class on Delta to the U.S., you're upgraded to First Class for the connection leg of your Delta flight, at no extra cost. And Delta has discount fares that can save you money every time you fly.

**Year After Year, Delta Is #1 In Service.**

After just one flight, you'll see why Delta is America's favorite airline. The 50,000 Delta professionals have given us a reputation for superior personal service. And earned a record of passenger satisfaction unequalled by any other major U.S. airline, as defined by the U.S. Department of Transportation.

**Give Us A Chance To Win You Over.**

Success in business depends on having the right connections. With Delta, you've got them.

So next trip to the U.S. or around the U.S., fly Delta. You'll get the best choice of flights. And the best service. See your Travel Agent. Or call Delta in Paris at +33.35.40.80. The Delta Ticket Office is located at 24 Boulevard des Capucines, Paris. In Brussels, call 32-2-217-1717. In Madrid, call 34-(1)-248-8130.

# DELTA

*We Love To Fly And It Shows.*

Delta Connection flights operate with Delta flight numbers 2000-5999.  
 © 1988 Delta Air Lines, Inc.

INTERNATIONAL Herald Tribune

Sudan Like Ethiopia

Ethiopia deserves the worldwide condemnation it has received for blocking shipment of food to northern regions afflicted by famine and insurgency. But why has Ethiopia's huge neighbor, Sudan, escaped comparable criticism for what looks like the same offense, in its stricken south?

The Savimbi Question

The Savimbi question used to be easy. Jonas Savimbi, head of an Angolan insurgent movement called UNITA, was making his way chiefly as a client of South Africa, which not only was illegally occupying Namibia but also was dispatching its own forces directly into Angola to Namibia's north.

Voodoo Economics Again

The man who heckled Ronald Reagan for "voodoo economics" in 1980 is now beating the drums for his own version. Vice President George Bush flatly rules out tax increases and new taxes to balance the budget if he is elected president. He claims that the budget can be balanced with a "flexible freeze" on spending, increased revenue from growth and savings from lower interest on the national debt.

Other Comment

A Less Special Relationship Turn the Heat on Ceausescu To be a Romanian at this moment of history is a misfortune. To be a Romanian of Hungarian ethnic origin is a double catastrophe. Small wonder that the Hungarians are finding it hard to contain their anger at events in Transylvania, the once-Hungarian province where the Hungarian minority of at least 1.7 million people is concentrated.

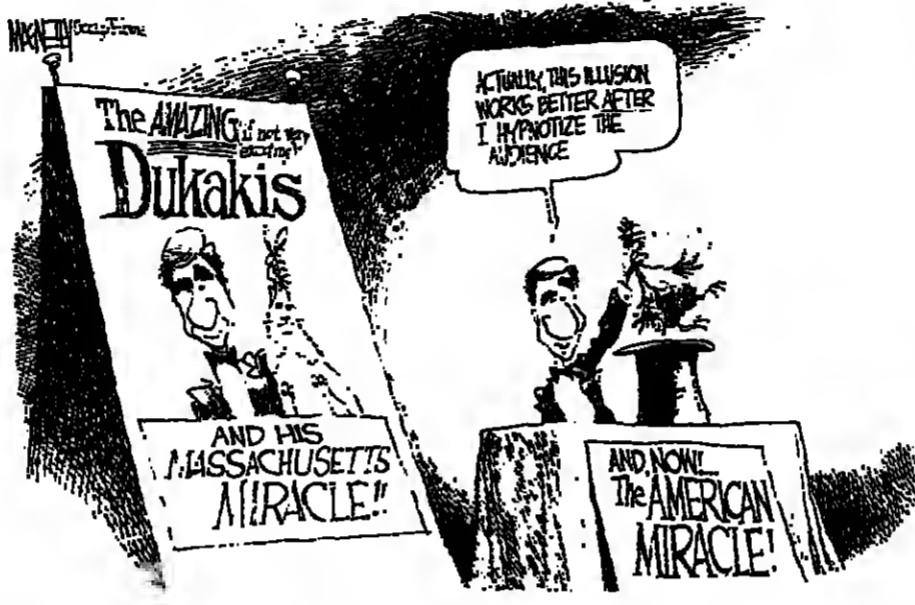
INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1978-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINOUCUR, Executive Editor WALTER WELLS, News Editor SAMUEL ART, KATHERINE KNORR and CHARLES MITCHELMOORE, Deputy Editors CARL GEWIRTZ, Associate Editor ROBERT J. DONAHUE, Editor of the Editorial Pages JAMES R. CRATE, Business Financial Editor

Dukakis, Too, Has a Record to Attack

By David S. Broder

BOSTON — Incumbency has its perils. Vice President George Bush has known that for a long time. As the presidential candidate of the two-term Republican administration, he is subject to all its frailties. Now Michael Dukakis, for more than nine years governor of Massachusetts, is learning, too, the risks in having a record.



The Restoration, if It Comes, Will Wear a Fez

By Aaron Latham

WASHINGTON — When the future Charles II of Britain was out of power — after a revolution and the beheading of his father — he took refuge in Dutch brothels. Which brings us to the Democratic foreign policy establishment. It has also been out of power for a long time. The Democrats managed to find some what classier sanctuaries — think tanks, university faculties — but they are hoping for the same sort of Restoration that Charles enjoyed.

A Moment For Reagan To Seize

By Tom Wicker

NEW YORK — Now comes a new but perhaps final "moment of opportunity" to meet the Soviet Union halfway in putting an end to arms race and a cold war that has kept the security and prosperity of both.

When Is It Proper to Criticize Israel?

By Richard Cohen

WASHINGTON — In 1956, Elie Wiesel published "Night," an account of his time in Auschwitz. It is a spare book — sad, harrowing and immensely powerful — much like the man himself. But while he is spare, he looms large. To much of the public, he is the gentle voice of the Holocaust victims.

Maynes suggests Walter Mondale, Secretary Mondale? Michael Dukakis would smile his Anatolian smile. Who would make the best team players? Perhaps fez wearers. People who can keep their ego under their hats. One person who evidently wears hers well is Madeleine Albright. No important Democrat will say anything bad about her.

Handwritten signature: John W. Wicks

OPINION

ending Some Big Changes, Gorbachev Should Pay Cash

By A. M. Rosenthal

NEW YORK — There is a little sign which American shopkeepers often put on their walls. It would make a motto for the United States in its negotiations with Mikhail Gorbachev over the next couple of years. "In God we trust, but all others pay cash."

ON MY MIND

...to transform the country from a party police state to a society of free men and women. The Soviet Union is a society of slaves. It is a society of slaves because it is a society of slaves. It is a society of slaves because it is a society of slaves. It is a society of slaves because it is a society of slaves.

intends to try to do those things that will make them really want to lock him out. Will he dissolve the police power of the KGB, which he controls, over the lives of Soviet citizens? Will he change the criminal code so that Soviet citizens cannot ever be rounded up again for annoying the government?

Will he do all those things? Does he want to? Is he capable of doing them? Is he leading the Soviet Union to freedom or is he following a limited agenda, which may already have become outdated by the explosion of Soviet dissent?

Among American Sovietologists, in the press, in American political life, there is an attitude that to raise these questions is to obstruct, to be childish, backward, petty anti-communist.

Americans are told that they should support Mr. Gorbachev. Suggestions are made for removing trade barriers, encouraging loans, loosening laws limiting the sale of computer technology, creating diplomatic partnerships in the Middle East and other places.

This is precisely the time for the U.S. government to do what U.S. governments find most difficult to do: nothing. We still do not know whether Mr. Gorbachev wants to change Soviet society fundamentally or just enough so that it can remain a superpower without collapsing under its own economic ineptitudes.

Transforming the Soviet Union into an efficient, instead of a stagnating superpower certainly is a legitimate goal for Mr. Gorbachev. It is not one that would seem so terribly attractive to American self-interest as to demand immediate political and economic investment.

There are even more important reasons to wait for the hard cash of irreversible liberties. Foreign pressure has helped bring change to the Soviet Union. It still may be needed; U.S. aid may help Mr. Gorbachev, but not necessarily the cause of continued Soviet change.

It is possible that before long the suddenly surfacing yearning for true liberties may become the real agenda of the Soviet people, unexpected by him and perhaps too much for his own taste. Then America may find that it is on the wrong side.

Ronald Reagan already has given to Mr. Gorbachev the substantial gift of enthusiastic endorsement. If the passionate arguments against moral equivalence that used to be so popular among the White House are still being made, you have to cup an ear to hear them.

For the next year or so, until we know Mr. Gorbachev's intentions more clearly, that is about enough on the credit card.

The New York Times



'Good Lord, Numm-Smythe — what was that?'

LETTERS TO THE EDITOR

Manila Needs Debt Relief Rather Than a 'Marshall Plan'

Regarding the opinion column "Philippines: Economics Should Have Priority" (June 20) by Amanda Doronila:

Economics obviously are a priority in the Philippines, but there are problems with Mr. Doronila's analysis, first his use of "nationalist" and "left" and second his failure to analyze the cause of the \$30 billion Philippine external debt and to identify the priority to rectify it.

By "nationalists," I take it he means all who believe that the Philippines should devise its own economic policy, putting Philippine interests first. That would include former President Ferdinand Marcos and Neanderthal protectionists, but also Planning Minister Sojita Monsod and the Senate president, Jovito Salonga, thus conflating remarkably different policy positions.

The bulk of the legal left in the Philippines is formed by the church, trade unions, human rights and poor peoples' groups who struggle against the Marcos dictatorship laid the foundations of the present democratic government. Most of their policy proposals would be considered a trifle cautious by the present Democratic Liberal Party in Britain.

The official Philippine medium-term plan shows a \$7 billion resource and foreign exchange gap for 1987-1992. It also shows — adjusted for 1986-87 re-schedulings and for grant aid — a \$14 to \$15 billion net outflow on debt interest and amortization. That net outflow is rapidly rising toward \$3 billion a year. Were the Philippine economy seen as what it is — a debt-distressed, lower-middle-income economy more akin to sub-Saharan Africa than to upper-middle-income Latin America — it would

be viewed as having a clear claim to debt relief. Japan seems to have raised exactly that point at the Toronto summit.

A menu of selectively repudiating loans tainted by fraud (e.g. the Bataan nuclear plant), generous rescheduling of and interest reduction on official loans and export credits, plus expunging the discount of more than 50 percent on secondary market sales of Philippine commercial bank debt, could reduce gross debt service by 40 to 50 percent.

With modest increases in present grant and loan levels, this could cut gross outflow on interest and repayment to \$1 billion a year, a manageable figure.

Proposals broadly along these lines are being prepared by the Philippine Freedom from Debt Coalition. The principal of debt reconstruction with outflow capping is accepted by a majority of the Philippine Senate and has been endorsed by President Corason Aquino. That is a more realistic and self-reliant way forward than begging for a \$2-billion-a-year neo-Marshall Plan which, if in loan form, is likely to be about as good a cure for a debt-binge hangover as a treble whisky is for a hangover from a drinking bout.

REGINALD HERBOLD GREEN, University of Sussex, Brighton, England.

Why the Greenery Burns

Regarding "Arab Arson Suspected at Israeli Parks" (June 13) by Glenn Frankel:

It should come as no surprise to Israeli officials that Palestinian militants are turning to arson. Many of the parks and forests planted during the last 20 to 40 years were deliberate efforts to hide the

ruins of razed Palestinian villages. For example, the Levi Forest near Tiberias in Galilee covers the hillside once occupied by the centuries-old township of Lubiya; it was obliterated by the Israelis in 1949. Where once thousands of Palestinians prospered amid orchards and olive groves, useless scrub pine now flourishes. With the destruction of such seemingly innocent scenery, the ugly reality of a people illegally dispossessed stands revealed to all who would see.

ROBERT B. BETTS, Cairo.

Relativism at Bitburg

How can you publish an article (June 23) about "Holocaust revisionism" and "relativist" arguments without mentioning the most publicized and prominent presentation of that shoddy phenomenon? I mean, of course, the insistence of Ronald Reagan, over the objections of his own staff (among hundreds of thousands of others), on laying a wreath in 1985 in a cemetery at Bitburg where members of the Nazi SS are buried, thus suggesting that the Nazis, too, were victims.

JAMES E. BRODHEAD, Sherman Oaks, California.

No Color Bar in the Band

In "Of Pride and Prejudice, Sting and Jazz" (June 7), Branford Marsalis says that I do not hire black musicians. I would like to refute this statement. In my group QUEST, the regular drummer is Billy Hart. Prior to Mr. Hart, the drummer was Al Foster. And in my previous band the pianist was Kenny Kirkland.

DAVID LIEBMAN, Stroudsburg, Pennsylvania.

The Luxury of Journalism Has Moved With the Times

By Richard Harwood

WASHINGTON — The journalistic career of Horace Greeley, founder and editor of the New York Tribune, reached its zenith in 1872. He was nominated for president by the Democratic and Liberal Republican parties and lost the election to Ulysses Grant by fewer than a million votes.

Throughout his lifetime he was a political crusader, a leader of the anti-slavery movement, a bloody-minded opponent of the Confederacy and then,

government." That would be action journalism of a high order.

The stardom and financial rewards conferred on successful practitioners of the investigative art inspire legions of reporters and motivate uncounted editors. It is the same in television. The stars of "60 Minutes" are million-dollar-a-year performers, and one of the program's alumni, Dan Rather, obtained from CBS in 1984 a contract that will pay him \$36 million over 10 years.

The success of the Hearst formula in this century has been coincident with the decline of "Greeleyism" and its social dogmas. Political partisanship has come to be regarded as an "unethical" journalistic practice. News columns are expected to be "fair," "balanced" and ideologically neutral. Editorial pages, in many instances, are now driven by politically independent intellectual inquiry rather than partisan loyalties.

Several factors have brought this about. The movement for efficient and nonpartisan government bureaucracies was led by newspaper early in this century. What seemed good for government — professionals replacing political hacks — came to be seen as good for newspapers.

A second factor was the rise of local newspaper monopolies which served readers of all parties and factions. It was both "socially responsible" and good business to be neutral. It might also have been politically wise. Congress imposed a "fairness doctrine" on broadcasters and is not powerless to affect the fortunes of the great newspaper and magazine corporations through manipulation of postage rates, antitrust policies and other legislative devices.

Finally, editors no longer own newspapers. They are, in most cases, the untested hired hands of distant managers and anonymous stockholders whose hearts and minds are in Wall Street.

The Washington Post.

Censors Are Gaining

CENSORSHIP became trendy in 1987. Malaysia, Panama, South Africa, Fiji and Bangladesh applied strong, new press controls. The Soviet Union, China and other Marxist countries continued to own all their mass media and exercise control over foreign and domestic journalists. In Haiti, 10 journalists were killed and at least 33 wounded. The number of governments that harass or harm journalists has been steadily increasing. Government control or influence over press and radio has also become more logotious. Cameroon banned references to the French national anthem as "violent." Censors in Paraguay permitted a press conference, but said nobody could attend.

—From an article in Freedom at Issue, published by Freedom House.

ck to Nationalism

THE governing idea of the world in the 20th century is neither communism nor capitalism but nationalism. This recognized long before Gorbachev came before Tito by some men, including a young revolutionary socialist, Mussolini, who nearly 80 years ago realized that he was an Italian first and a socialist second and that international socialism, like international communism or international capitalism, is an illusion. Today it is the various salisms of the Third World that are the interests of the United States as well as those of the Soviet Union.

In Lukas in the Los Angeles Times.

The three-engine Falcon 50 and 900. Executive jets as safe as airliners.

If others you could stick with comparing open ranges, cruising speeds, usable cabin space, the soundproofing of other private jets. Which, between us, would only again highlight the stages which are the strength and reputation of Falcon the world over. At the comparison stops there for one very good reason. The Falcon 50 et 900 have three engines. The Falcon 50 et 900 have three engines. The Falcon 50 et 900 have three engines.

on airliners making overwater flights via the shortest routes. This provides the aircraft with additional power always at the ready for the systems which ensure your comfort and safety. To understand the essential role, vital in the power factor, especially when flying over inhospitable zones, just

keep in mind the importance of the on-board electronics of a long-range aircraft. Objectively speaking, the security offered by the three-engine Falcon is comparable to that of commercial airliners, not of other corporate jets in their class. This is of course why executives prefer the Falcon 50 and 900.



Business takes off with Falcon

Dassault International
Please send me a colour brochure. FALCON 50 [ ] FALCON 900 [ ]
I would like a sales presentation. [ ]
Name/Title:
Company:
Address:
City: Country:
Zip: Phone:
Now flying a:
Please return this coupon to Mr. Paul Delorme, Dassault International, 27 rue du Professeur Pauchet, 92420 Vuurecrosson France. Tél.: (33-1) 47.41.79.21. Télex: 203 944 Amadas.

ARTS / LEISURE

Venice Biennale: Giving Artists the Last Word

By Michael Gibson



Jasper Johns's painting "Spring" (1987) at the Venice Biennale.

The Venice Biennale... The once noisy boys of the Italian Transavanguardia have space for their large works. Some of them, Enzo Cucchi for one, have developed a great deal of chic, but Mimmo Paladino stands head and shoulders above the rest in authenticity and ability. He is represented here by some large, forceful sculptures and four paintings that fill the big room, creating an environment marked by highly complex and indeed theatrical interplay.

The exhibition, which runs through Sept. 25, is consequently far removed from the strenuously didactic tone of the past. They are displayed simply each in his own room, and works are allowed to stand or fall according to their merits. Many fall.

The Biennale prizes, abolished 20 years ago, have been revived. Jasper Johns, whose recent paintings are on display at the American pavilion, won the International Prize, the Italian pavilion was awarded the national pavilion prize, and other prizes went to British sculptor Tony Cragg and to Barbara Bloom, one of the young American artists in the Aperto (Open) section.

The Central Pavilion which, in recent years, had been devoted to thematic exhibitions, was reinstated in its original function as the Italian pavilion, and its fine large halls were devoted to 19 Italian artists and eight foreigners who live much of the time in Italy.

The Biennale Gardens are dotted with sculptures that are intended to evoke artists and currents of the past 20 years or so: Willem de Kooning, Lynn Chadwick, George Segal, Mark di Suvero and Eduardo Chillida among others. But the selection is not always the best and some are the works presented to good effect.

In addition to the Italian building there are 27 national pavilions, mostly devoted to one-man shows. The recent works of Jasper Johns, in the American pavilion, have something desperately Joycean about them.

One can sense this when looking at the work; the catalog states it explicitly, and it is apparent, for instance, in the artist's virtuoso recourse to humorless, quasi-mechanical visual puns.

One could say that two big questions hover over the various contributions to the Biennale this year: the problem of content (should this be about anything at all, and if so, what?), and the problem of identity (who am I and where do I stand?).

The problem of content is a painful dilemma which raises issues beyond art itself and it prompts some artists, such as Johns, to resort to some very complex strategies. The purpose of such strategies is to find an approach that makes it possible for the artist to avoid the sort of obvious "content" (political, psychological or mystical) that would lead, in his view, to place him outside the proper realm of art.

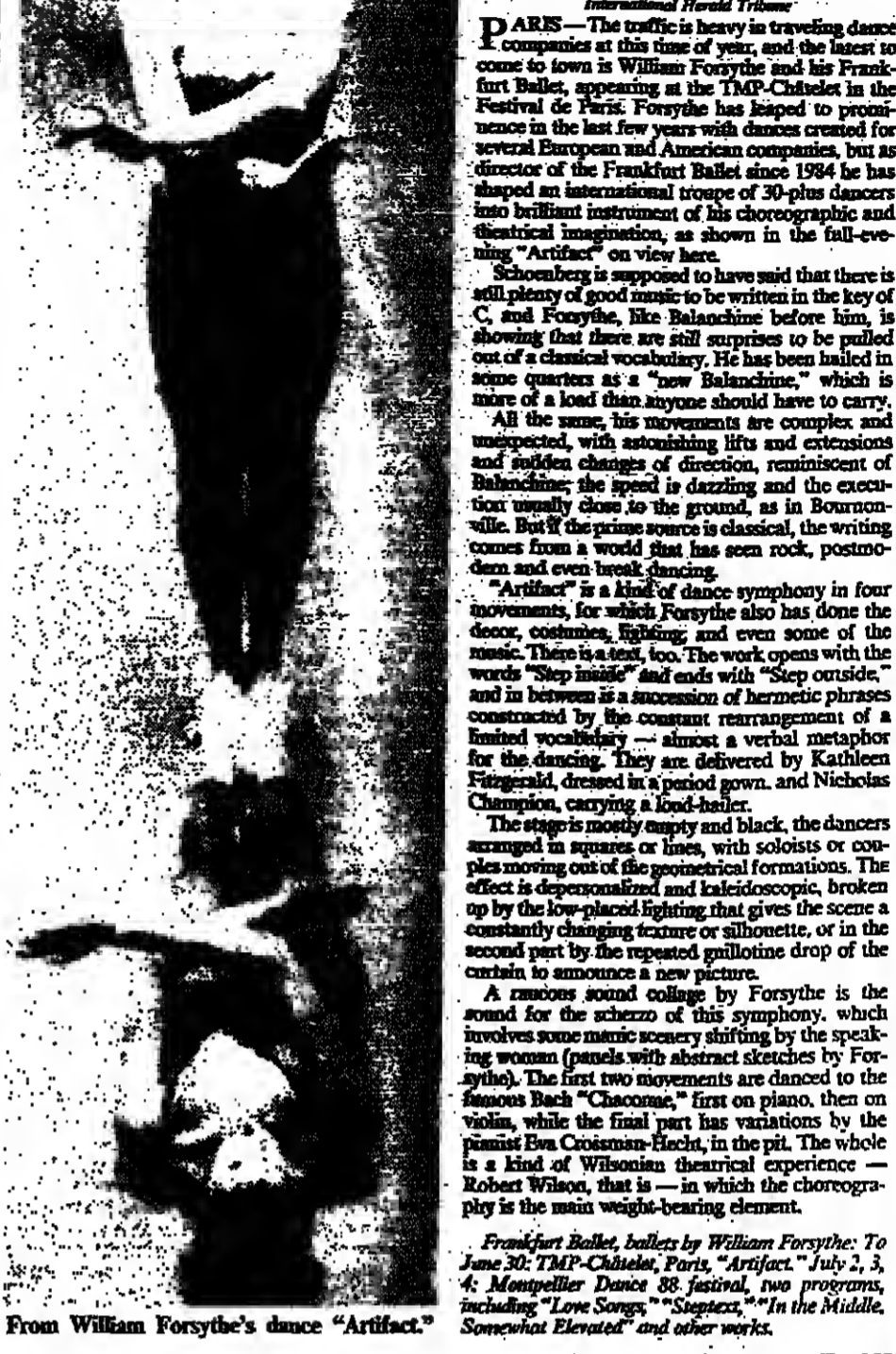
The Aperto section is located in the splendid 16th-century building of the Arsenal and is devoted to artists under 40. A number of Soviet artists in their 50s were also admitted into this section, presumably because the years during which they were unable to exhibit in their own country were considered deductible.

The overall effect is disappointing to the extent that much of it is either relentlessly minimal or relentlessly conceptual. Exceptions include the Canadian Barbara Steinman, the Japanese sculptor Toshikatsu Endo and the Greek Iorgos Lorgos.

The Soviet pavilion spares the familiar father figures of the Revolution and is devoted to works of Aristarch Lentulov (1882-1943). They are the colorful, pleasant paintings of a man who knew the Futurists and the Cubists well and who mainly chose to dwell upon specifically Russian subjects.

'Artifact' Is a Dazzle

By David Stevens



From William Forsythe's dance "Artifact."

PARIS—The traffic is heavy in traveling dance companies at this time of year, and the latest to come to town is William Forsythe and his Frankfurt Ballet, appearing at the TNP-Chalet in the Festival de Paris. Forsythe has stepped to prominence in the last few years with dances created for several European and American companies, but as director of the Frankfurt Ballet since 1984 he has shaped an international troupe of 30-plus dancers into brilliant instrument of his choreographic and theatrical imagination, as shown in the fall-evening "Artifact" on view here.

Schoenberg is supposed to have said that there is still plenty of good music to be written in the key of C, and Forsythe, like Balanchine before him, is showing that there are still surprises to be pulled out of a classical vocabulary. He has been hailed in some quarters as a "new Balanchine," which is more of a load than anyone should have to carry.

All the same, his movements are complex and unexpected, with astonishing lifts and extensions and sudden changes of direction, reminiscent of Balanchine's speed is dazzling and the execution usually close to the ground, as in Bouronville. But if there is a classical element, the writing comes from a world that has seen rock, postmodern and even break dancing.

"Artifact" is a kind of dance symphony in four movements, for which Forsythe also has done the decor, costumes, lighting, and even some of the music. There is a text, too. The work opens with the words "Step inside" and ends with "Step outside," and in between is a succession of hermetic phrases constructed by the constant rearrangement of a limited vocabulary — almost a verbal metaphor for the dancing. They are delivered by Kathleen Fitzgerald, dressed in a period gown, and Nicholas Champion, carrying a load-bearing.

The steps are mostly empty and black, the dancers arranged in a square or lines, with soloists or couples moving out of the geometrical formations. The effect is depersonalized and kaleidoscopic, broken up by the low-placed lighting that gives the scene a constantly changing texture or silhouette, or in the second part by the repeated gillotine drop of the curtain to announce a new picture.

A cautious sound collage by Forsythe is the sound for the sketch of this symphony, which involves some metric scenery shifting by the speaking woman (panels with abstract sketches by Forsythe). The first two movements are danced to the famous Bach "Chaconne," first on piano, then on violin, while the final part has variations by the famous Ben Chocman-Richt, in the pit. The whole is a kind of Western classical experience — Robert Wilson, that is — in which the choreography is the main weight-bearing element.

Frankfurt Ballet, ballets by William Forsythe: To June 30: TNP-Chalet, Paris. "Artifact," July 2, 3, 4; Montpellier Dance 88 festival, two programs, including "Love Songs," "Stepsets," "In the Middle, Somewhat Elevated" and other works.

Nothing Ventured in Eyre's 'Changeling'

By Sheridan Morley

LONDON—Richard Eyre's new production of "The Changeling" at the Lyttelton, comes as a fair indication of the kind of National Theatre we are likely to get as his new leadership takes the South Bank into the 1990s. Essentially his would seem to be a central philosophy: The production lacks the spartan clarity and energy of Peter Gill at the old Riverside, but nor is it as sensual or rich as might have been expected from

Terry Hands or Trevor Nunn at the old Stratford. It redefines the text to the extent of moving the action 200 years forward into a Spanish slave colony of the last century, but it does not reflect any strong directorial thesis beyond that. This is a pragmatic production for changing times, and maybe all to the good.

At its core, Miranda Richardson has a little trouble making the verse audible in the Lyttelton's flat acoustic, but her Beatrice-Johnna admirably conveys a neurotic kind of impotence as she moves from the obedient employer of De Flores as a killer to the appalled realization that his obedience has now made

her his slave. In a play of madness and revenge and dominant Christianity, Eyre has drawn the subplot center stage so that the inmates of the usually irrelevant madhouse open and close the action while seeming throughout far more sane than the apparently normal protagonists.

George Harris plays De Flores as a black lagg, never better than when celebrating his own criminality, and as the blood drips off the balcony of William Dudley's sunbaked set it gradually becomes clear that we are welcoming the beginning of an impressive new National regime.

of an unhappy childhood behind her irritable virginity, so perhaps unfairly one spends much of Hamble's play wishing he had cast Barry Humphries or the late Joyce Grenell, as the poet who could have been a kind of Victorian Freud. There are some intermittently funny moments ("I have had 42 years without physical love despite scouting the length and breadth of Bloomsbury"), but "Facades" is ultimately as desiccated as much of Dame Edith's own writing.

On the Cotswold stage of the National, Nick Ward's "The Strangeness of Others" offers a bleak panorama of London life peopled by beggars, choosers, prostitutes, punks and policemen, all of whom have a drifting claim to the attention of a contemporary observer. There are five thousand stories in the naked city, as American television announcers used to tongue, and it looks at first as though Ward is going to tell us most of them, but somehow his own attention starts to wander, and the stories themselves end up in second place to a hazy overall view of an urban wasteland where nothing is quite what it appears to be.

As Thornton Wilder established half a century ago in "Our Town," there is a constant fascination in community life. But these first moments, sketchily characterized of men and women desperate for love do not add up to any coherent urban landscape. Ward's coherence suggests a workshop rather than a finished production, but his writing own facade was that it was fractionally more interesting in its quickly phony way than the truth

Simon Callow's production is inventive and intelligent enough, but nothing in Frances de la Tour's craggy performance makes us begin to care about who Edith was or whether her private life might have been of much more interest than her disjointed career.

The real trouble with Edith's own facade was that it was fractionally more interesting in its quickly phony way than the truth

Table with columns for fund names, currencies, and prices. Includes sections for International Funds, Swiss Bank Corp, and other financial instruments.

THE LONDON STAGE

daily his would seem to be a central philosophy: The production lacks the spartan clarity and energy of Peter Gill at the old Riverside, but nor is it as sensual or rich as might have been expected from

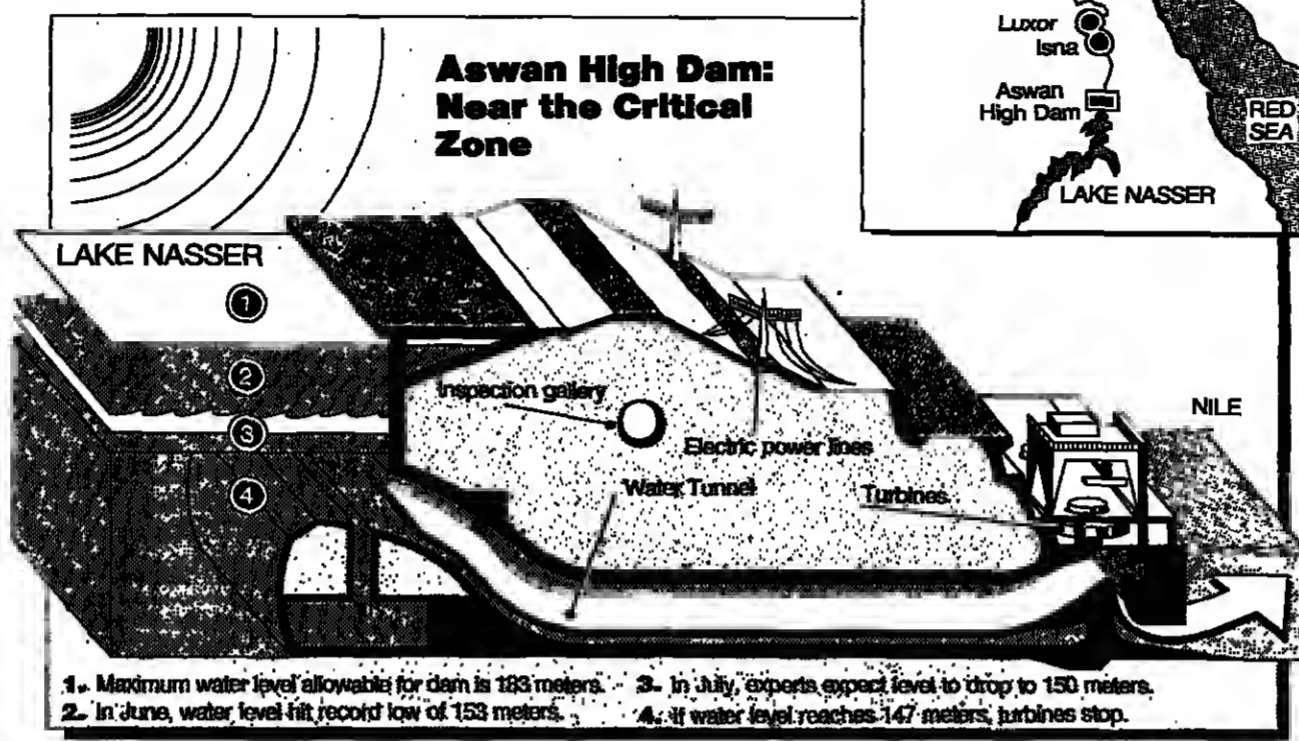
Dining Out section featuring advertisements for various restaurants and bars in Paris, including Au Vieux Stand, Ashiana, La Chevauchee, Jarrasse, Prunier-Madeleine, Kitty O'Shea's Pub, John Jameson, Indra and Vishnou, and Goldenberg Wagrah.

AS - Australian Dollars; BF - Belgium Francs; CA - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lira - Italian Lira; L.F. - Luxembourg Franc; M - Mark; N.A. - New Zealand Dollar; N.S. - New Swiss Franc; P.F. - Pacific Franc; S.F. - Swiss Franc; S.M. - Spanish Mark; S.P. - Spanish Peseta; S.T. - South African Rand; S.W. - South West African Rand; T.L. - Turkish Lira; U.S. - U.S. Dollar; Y.P. - Yugoslav Dinar.



# Egypt: New Pressures

## Drought Tests Nation's Dream



By Kenneth R. Timmerman

ASWAN — "Water is our lifeblood," said Hanim al-Bas, a 40-year-old peasant woman who has filled the land on the outskirts of Aswan since she was a child. "Without water, we have nothing. With water" — she turned to indicate the green fields behind her, where dirt canals plowed through palm trees, mangoes, corn and okra — "we have all this."

For the *fellahin* of the Nile River Valley in Upper Egypt, the High Dam at Aswan has brought stability and prosperity. "Before the dam, we had only one crop a year," said Hanim's husband, Hashim. "And sometimes our village would be under water for July and August with the flood. Now we have two crops every year. And our house stays dry."

Hanim and Hashim al-Bas, and other farmers like them in this lush land close to the Nile, pray daily for a good flood. They know that if the flood is bad the High Dam Authority will release less water, and they will have less in the irrigation canals that keep their land from joining the desert that starts just across the road.

Since 1984 when it first began rationing water to farmers, the Ministry of Public Works and Water Resources, formerly known as the Ministry of Irrigation, has been preaching conservation.

"We still have plenty of reserves left for irrigation and drinking water," said a ministry undersecretary, Abdul Badie Abulhoda. "This only becomes a problem when the level at the High Dam goes down to 120 meters — and that will never happen."

Many experts dispute this figure, however. In fact, the rated minimum level for reserve storage at the High Dam is 147 meters (160 yards), only three meters below the forecast mid-July level.

In a letter to *The Times* of London, following an article on Egypt's dwindling water resources last November, the minister of public works and water resources, Essam Rady, forecast that Lake Nasser reserves would drop to 38 billion cubic meters (50 billion cubic yards) in July.

That is a scant 5 billion cubic meters more than Egypt uses in a single year for irrigation alone and it is lower than Lake Nasser has dropped since it was officially opened in 1971. The reservoir was conceived for a maximum capacity of 162 billion cubic meters.

Already in January, the Nile was so low that the big tourist boats which cruise from Aswan to Luxor had to stop at Isna, about 50 kilometers (30 miles) below Luxor, and buses had to take the tourists to

Continued on page 14

## Mubarak Holds Extremists at Bay

By Henry Tanner

CAIRO — Islam is more than ever a part of the Egyptian national landscape, but there are signs that President Hosni Mubarak's policy of co-opting the Islamic moderates in order to isolate the extremists may be succeeding.

Islamic politicians have been active in the People's Assembly, or parliament, ever since their party, the *Ikhwan*, even though illegal under the constitution, gained 36 seats in last year's election. They appear frequently on television and write in the newspapers.

Their performance has shown, many Egyptians now feel, that they have little to offer on practical economic and social issues beyond their basic motto that "Islam is the solution." The motto is proclaimed by billboards all over cities and villages.

Islamic extremists, meanwhile, have stepped up their demands on the population. They are pressuring women to replace the *hegab*, the Islamic headscarf that covers the hair but leaves the face free, with the *niqab*, a veil that covers all but the eyes.



Hosni Mubarak

Another of their aims is to close down the nation's theaters, which they regard as sinful, and stop musical events except for those performed with ancient instruments that the Prophet Mohammed is said to have liked. Gangs of toughs have been breaking up performances in towns and even villages.

In the most serious incident a few weeks ago, they injured actors and spectators at the University of Assiut in Upper Egypt.

This so enraged Adel Imam, a popular actor, that he took 50 performers to Assiut 10 days later and staged a play in the same hall, even though he and other performers had received death threats.

The effect was dramatic; not only was the hall packed, but thousands of cheering people came to meet him at the station and jammed the streets to and from the university. Photographs of the mass of happy faces were splashed all over the front pages of Cairo newspapers.

Mustafa Amin, a leading columnist, is one of many who think that this was a turning point — that the Muslim fundamentalists are increasingly out of tune with popular opinion.

"The fundamentalists met popular resistance for the first time," he said, "people said they are fed up, and they will challenge them again."

Religions feeling among ordinary citizens, however, remains very high.

"This is religion and not fundamentalism," commented a foreign diplomat, adding that "Egyptian Islam, for the most part, is mainstream and moderate."

The danger that Egypt may become an Islamic theocracy, if it ever existed, has become even more remote, in the view of foreign residents.

Internal security remains one of the main concerns of the government. The police have been dealing harshly with the clandestine, potentially violent Islamic groups.

"There is an invisible line in the sand between tolerated and unacceptable activities," an official said. "The press and the recognized parties are free, but street demonstrations of any kind are out, and so is everything else that could be destabilizing."

University students who attempt to take to the streets never get farther than a few hundred yards before being dispersed.

But Islamic groups are taunting the government with periodic spot demonstrations after Friday prayers.

On a recent Friday, as the worshippers filed out of the Al Hussein Mosque, about 200 of

Continued on page 10

### THE NEWS

**June 21: Hundreds Protest at Bank Crackdown**  
 About 100 anti-Islamic protesters chanting Islamic fundamentalist slogans and besieged others at the Al-Azhar mosque. The protest was the most dramatic series of demonstrations provoked by Israeli crackdown on Palestinians in the West Bank and Gaza Strip.

**June 27: Mubarak Goes to Washington**  
 President Hosni Mubarak meets in Washington with Secretary of State George P. Shultz as part of Egypt's drive to reduce tensions in the Middle East and promote Israeli peace talks. Mr. Mubarak hopes to convince the U.S. administration to support a UN-sponsored international conference as an umbrella for direct Israeli negotiations.

**June 20: Assembly Votes to Extend Emergency Law**  
 People's Assembly approves a three-year extension of an emergency law that the government said was needed to combat Islamic fundamentalists and terrorists. The law has been in effect since President Anwar Sadat was assassinated in October 1981.

**June 23: U.S., Egypt Sign Military Agreement**  
 United States and Egypt agree on cooperation in arms development, training in Cairo to the same level of military partnership with Washington as Israel and NATO allies. The agreement gives the Egyptian government access to more sophisticated defense equipment and special access to bid on U.S. defense contracts.

**June 5: Police Detain 500 Fundamentalists**  
 Police detain about 500 Muslim fundamentalists in connection with an investigation into three assassination attempts in Cairo more than a month. The attempts were against an Egyptian magazine editor, a former interior minister, and two U.S. diplomats.

**June 24: Military Officer Charged in Smuggling Case**  
 Egyptian military officer was charged and another cited in connection with alleged scheme to export illegally high-tech U.S.-made chemicals and materials to Egypt. One of the Egyptian officers, Lieutenant Colonel Mohamed Abdella Mohammed, was arrested in Baltimore and released after he asserted diplomatic immunity. The charge was lifted by the U.S. Justice Department. The officials were believed to have been in contact with the Condor II surface-to-air missile Egypt is developing with Libya, possibly with Iraqi funding.

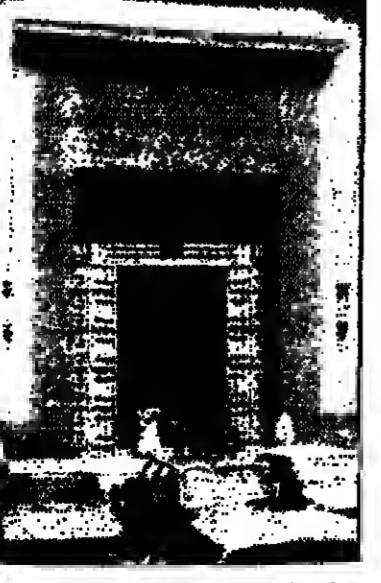
### THIS REPORT

**Post-Nasser Era 10**  
 Egypt and the Arab world, a new universal phenomenon has arisen to supplant Arabism.

**Pyramid Power 11**  
 Growing number of tourists is welcome for the economy. But pressure on the monuments is causing concern.

**U.S. Bazaar 12**  
 Egypt has joined the top ranks of Third World exporters, with Iraq believed to be its largest customer.

**Banking Woes 12**  
 Economic downturn and controversial actions have cut into bank earnings.



Bank of Cairo: Egypt's banks are more funds, make fewer loans.

### The Economy

## Soaring Revenues Bring Some Relief

By Olfat Tohamy

CAIRO — In an economic picture in which the bright colors continue to be outnumbered by shadows, the good news has been that revenues from Egypt's four principal hard currency earners — tourism, remittances from Egyptian workers abroad, Suez Canal tolls and oil exports — are ranging from satisfying to excellent.

• Remittances from workers, primarily from the Gulf countries and Iraq, rose to almost 6 billion Egyptian pounds during the nine months ended in March, compared with 3.6 billion pounds for the corresponding period last year.

• Tourism brought in more than 3 billion pounds during the same period, an increase of almost 50 percent from the previous year.

• Suez Canal tolls improved slightly.

• Revenue from exporting oil, gas and petroleum products increased by nearly 100 percent during the nine months to more than 862 million pounds.

The recovery of the tourism industry has been the most spectacular. The number of tourists traveling to Egypt had slumped dramatically after a series of terrorist attacks in the Middle East, including the hijacking of the Italian cruise ship *Achille Lauro* by Palestinians in October 1985, the killing of two Israeli diplomats in early 1986 and an unsuccessful attack on two U.S. diplomats in Cairo.

The hefty increase in workers' remittances, economists believe, is the primary reason to have attracted large amounts into the banking system that previously went into the black market or were hoarded as dollars. A dollar deposited in a regular bank now brings 2.3 pounds, or more than three times as much as before the reform.

The fact that the government now is at last making a serious effort to extend normal banking regulations to the Islamic investment houses, with their large offshore operations, also may have had an effect. The number of Egyptians working in the Gulf is not believed to have changed substantially.

But, the sharp overall increase of invisible earnings in the four principal revenue areas is not more than partial relief.

The government of President Hosni Mubarak faces a formidable array of difficulties: a huge foreign debt; three-year-old economic stagnation coupled with an inflation rate of about 30 percent; rising unemployment and conflicting pressures on one side from the International Monetary Fund to reduce basic subsidies and on the other from a population suffering badly from rising prices.

The successful partial devaluation of the pound, which resulted in the large new deposits from foreign workers, was a major feature of the reform program on which the government embarked last summer following the conclusion of a standby agreement with the IMF. That agreement led to the rescheduling

of more than \$5.5 billion in debt service payments to members of the Paris Club.

The government created a new commercial bank rate equivalent to the previous "free market" or black market rate of about 2.3 pounds to the dollar, replacing the earlier official rate of 0.7 pounds to the dollar.

Excluded from the devaluation were such hard currency earners as Suez Canal tolls and revenues from oil and cotton, which serve for the purchase of grain and other heavily subsidized basic food items and for which the central bank continues to account at the previous rate.

At the time of its conclusion, the agreement with the IMF was hailed as giving Egypt a "breathing spell." But the Egyptian authorities have found it politically impossible to comply with the reform commitments, and the agreement has lapsed.

As a result, the talk about a breathing spell has been dropped by foreign and Egyptian economists as too optimistic. The country's economic future is more often described as difficult and uncertain.

Budget performance indicators during the first nine months of the fiscal year ended in June 1988 show that an expected rise in revenues was offset by an even sharper increase in expenditures, resulting in a deficit of 1.7 billion pounds compared with 1.1 billion pounds during the same period the year before.

The level of government borrowing to cover the deficit rose by an alarming 25 percent during this period. The statistics also show an expansion of money supply, indicating a return to the practice of issuing currency to fill the gap between revenues and expenditures.

The minister of finance, Mohammed Al-Razzaz, on June 19 presented to the People's Assembly a new draft budget with expenditures totaling 28.7 billion pounds compared with 23 billion pounds last year. Increases included expenditures for wages and subsidies totaling 16.3 billion pounds compared with 11.9 billion pounds last year.

The government conceded at the start of the current development plan, which runs from 1987 to 1992, that it is no longer able to stimulate economic growth through expansion of the public sector, which traditionally has provided for the bulk of Egypt's gross national product.

Private investments are expected by planners to rise to 2.8 billion pounds, representing 32 percent of the total targeted investments — the highest proportion in more than three decades.

Government officials have said recently that the private sector is expected to provide 300,000 of the roughly 450,000 new jobs that Egypt needs to create annually.

The International Labor Organization estimates that about 20 percent of the official labor force is unemployed.

OLFAT TOHAMY, a journalist based in Cairo, is the editor and publisher of *Gulf Insider Report*.

**Amoco and Egypt**  
**A 25 Year Success Story**



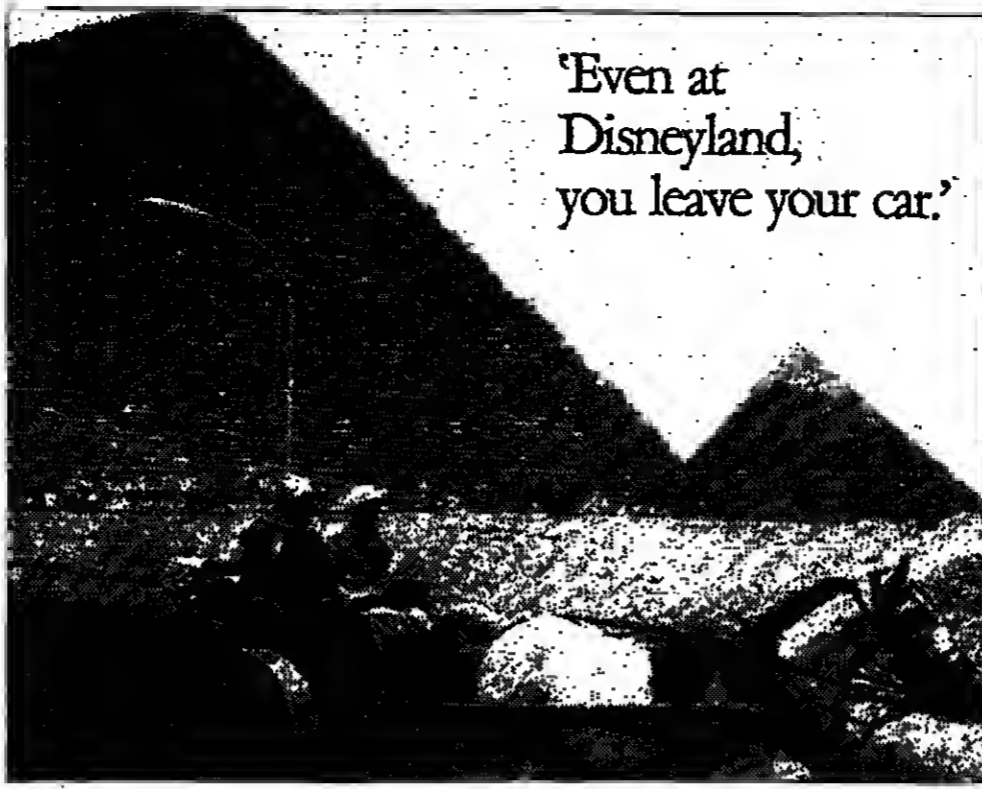
جريدة الجهاد

Endangered Monuments ■ IMF Pressures

Cultural Must: Reining in the Tourist Hordes

By Jane Friedman

CAIRO — For hundreds of thousands of years, Egypt's monuments have attracted tourists from all over the world. They were allowed to roam among the pillars and statues, touch with their hands the designs by the Pharaohs...



'Even at Disneyland, you leave your car.'

implemented, but those involved say it is just a matter of time. Why are the Egyptians showing concern just now? Since the 19th century with its important discoveries of Pharaonic monuments, modern archaeologists have known of the vandalism and decay that left many of these antiquities in a state of disrepair...

Counting evidence of decay and the enormous surge in the number of tourists has forced officials to restrict the uncontrolled environment which still allows visitors to walk like insects over the Pharaohs' sites...

Officials and archaeologists concluded that if Egypt is to preserve its ancient legacies, it must severely limit the access to its archaeological sites. Only one car in the world where you can get into your car and drive up to the monuments...

That night-time visitors can see the Pyramids but not their cars.

Mr. Hawass said that after the Giza plateau is remodeled, Luxor, the site of 50 percent of Egypt's ancient monuments, will take priority.

According to Mohammed Salim, an undersecretary in the Culture Ministry, the government wants to turn the town and its plethora of temples and tombs into a "museum" by banning automobiles.

But Egypt will have to go further than banning cars and horses to protect its ancient culture, a "strong guiding influence" has to be found to direct the Egyptian Antiquities Organization through a time of creative change.

In February, when the Sphinx lost part of its right shoulder, Mr. Kadri lost his job as head of the organization. No replacement has been named.

Second, Mr. Corzo said, the most popular ancient sites must be protected not only from automobiles and beasts of burden, but from man as well.

This means, he said, building stairs and walkways through, for example, the Karnak and Luxor temples so that tourists are contained in certain areas and can no longer, as Mr. Salim said, "etch their name in the stone with a heart and arrow."

One idea is to leave a 4,000-year-old Pharaonic bark in situ underneath the Giza plateau and to build a glassless tunnel from which tourists will view it. According to this plan, proposed by Swedish archaeologists, the tourists will be in effect, behind bars.

Anxiety Over Debt Talks

By Olfat Tohamy

CAIRO — Egypt's negotiations on repayment of its foreign debt have entered a delicate phase. Now engaged in crucial talks with the International Monetary Fund, Cairo is anxious to resolve differences over rescheduling agreements with Paris Club creditors that arose last year and to gain approval for a new round of rescheduling talks.

Last year, Egypt signed a letter of intent with the IMF and won approval for \$325 million in standby credits, which gave the government some relief and allowed it to reschedule about \$12 billion in debt with the Paris Club.

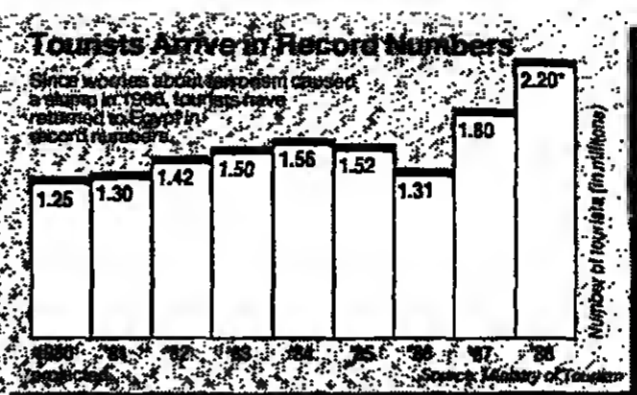
The Paris Club accord, which immediately followed the signing of the agreement with the IMF, provided for rescheduling outstanding payments on debts to 18 Paris Club members. The payments included those due starting November 1985 — when Egypt stopped servicing its debt — plus installments and interest over the 18-month period ending at the beginning of July this year.

The agreement allowed Egypt a five-year grace period, following which the rescheduled debts would be repaid over 10 years. Although rescheduling agreements with the United States, France and Spain were completed last fall, talks with other creditor countries stalled over the issue of margins charged above prevailing interest rates.

However, Egypt now wants to start a new phase of rescheduling that would cover an 18-month period beginning next month, and officials say they will adopt a more flexible attitude on margins to try to get over differences.

"We are determined to smooth the differences and finalize these agreements over the next few weeks," said Abdulaziz al-Zahwi, undersecretary at the Ministry of International Cooperation, who leads Egypt's delegation in the talks.

Some of the countries with which the initial agreements were signed, including Italy and West Germany, charged average interest rates, while some have removed the margin. The Netherlands took the unusual step of writing off Egypt's outstanding debt, while Kuwait, another Paris Club member, has not expressed any interest in pursuing talks on rescheduling.



JANE FRIEDMAN, a Cairo-based journalist, is a regular contributor to The Christian Science Monitor and The Observer.

achieved at the outset, because these countries' representatives showed their understanding for Egypt's conditions," Mr. al-Zahwi said.

But, the outcome of Egypt's request for another phase of Paris Club rescheduling hinges on support from the IMF. Cairo and the IMF resumed talks this month, but the future of any agreement with the fund remains uncertain.

A standby credit of \$342 million has been held up because the IMF has said that it was not satisfied with the pace and extent of Egypt's economic reforms.

The government has failed to meet the budget deficit targets stipulated by the IMF and has rejected proposals for reforming interest rates, liberalizing exchange rates and raising energy prices to world parity.

Prime Minister Atef Sedki has said that the government is determined to maintain the fixed exchange rate of 0.7 Egyptian pounds to the dollar, which, he said, served as an indirect subsidy on food prices.

He said that IMF suggestions for energy prices were too steep and that the government refuses to raise interest rates 20 percent to 25 percent, as demanded by the fund. He also noted that the budget deficit will not fall to the IMF target of 10 percent of gross domestic product.

Government officials insist that achieving a single, free market exchange rate will require several years of gradual adjustments. They say that an extended fund facility from the IMF over three or four years would give the government time to implement the structural reforms to comply with the fund's austerity measures.

EDBE Export Development Bank of Egypt. IO TALAAT HARB ST, EVERGREEN BUILDING. TEL: 777009/769964/768190 TLX: 20850/20872 EDBE UN

CONOCO BANK OF ALEXANDRIA. RELIABLE EXPERIENCE PROMPT SERVICE FOR YOUR BANKING BUSINESS IN EGYPT. Head Office Departments: 49 Kasr El Nil Street. Tel: 3911203-3916575-3910481. 28 El Gounhouria Street. Tel: 3909093-3908423-3900940. 6 Salah Salem Street. Tel: 4836073-4822692-4824056. 59 Saad Zaghloul Street. Tel: 4888503-4888588.

SHELL WINNING SUBSIDIARY OF THE ROYAL DUTCH/SHELL GROUP OF COMPANIES. 1979/1988 NINE YEARS OF CONTINUOUS SUCCESS IN OIL AND GAS EXPLORATION AND PRODUCTION IN EGYPT.

AL SHARIF GROUP 30 YEARS OF SUCCESS. Established in 1958, AL SHARIF FACTORIES have shown continuous and steady growth. Our daily endeavour for improvement and achievement is what lies behind 30 years of progress in the field of plastics and commodities in Egypt. We market to meet the needs of the average Egyptian family. We constantly update our products. We provide quality goods at low cost.



ging Alliances

# ies With U.S.: itmus Test Is he Economy

By Barbara Slavin

CAIRO — At first, it seemed that Richardo Credi's hand had slipped into a time warp

black-tie affair filled the Nile Hilton with 1 hundred people from 1 and Oklahoma, Long Is- and Saint Louis. The event benefit for an organization

are now about 15,000 ans in Egypt, including de- about as many as there nsians during the peak of fluence in the early 1970s.

U.S. presence is getting, because the investment cit- not as attractive as be- said another.

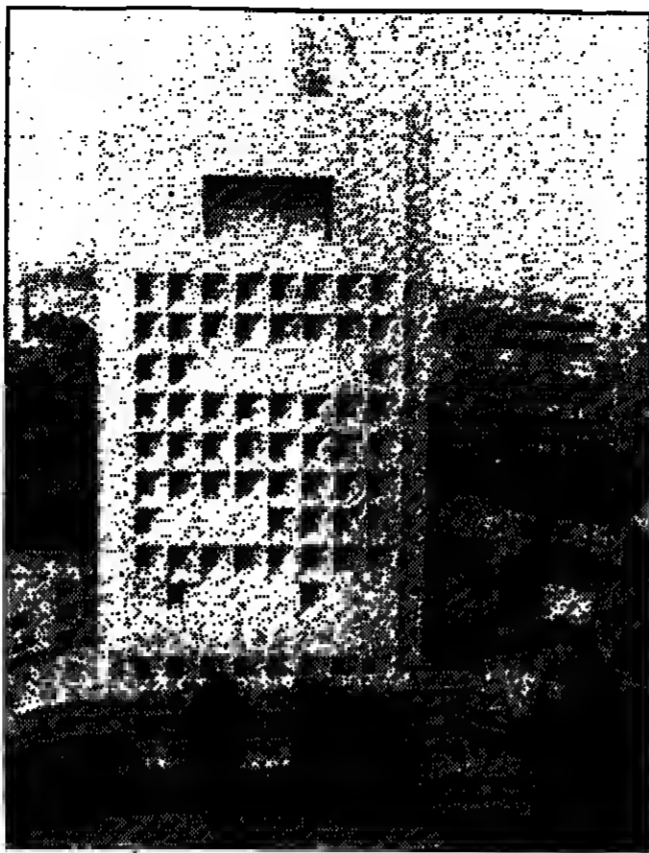
relations have perhaps become more realistic and mature. Egyptian officials acknowledge that the fault is not one-sided, but blame the Reagan administration for not trying harder, particularly to expand peace.

"The United States is still not doing the maximum," a senior official said, dismissing the recent initiatives of Secretary of State George P. Shultz as too little, too late.

Relations have recovered from such shocks as the revelations of arms sales to Iran and the Achille Lauro, when the United States forced down an Egyptian plane carrying the cruise ship's hijackers to a safe haven.

Mr. Mubarak has succeeded in putting some political precedent distance between Cairo and Washington and repairing ties with other Arabs and the Soviet bloc. But Egypt's diplomacy remains constrained by having to nurture its relations with Israel to maintain good ties with the United States.

While U.S. aid has helped re- vamp decrepit infrastructures so that traffic flows and telephones work, private American companies' investments in manufacturing have been small.



The new U.S. Embassy building in Cairo.

make it difficult for private firms to compete. Americans also defend their investment record by pointing out the reluctance of Egyptians to risk their own capital.

"Whenever Egyptians complain that there hasn't been enough private American investment, I look them straight in the eye and say, when you see more Egyptians investing in Egypt, you'll see Americans," said Frank Wisner, the U.S. ambassador.

Government opponents on the left and the Islamic right charge that Washington has deliberately sought to keep Egypt dependent as a market and a strategic piece of real estate that 4,000 U.S. military planes transit each year.

She and others complained about AID's reluctance to help land reclamation and public sector industries.

"I'm a strong believer in the private sector," said Ahmed Abd el-Salam Zaki, head of the U.S. department in the Ministry of International Cooperation. "But the private sector is asking that the public sector survive."

BARBARA SLAVIN is a journalist based in Cairo.

# Foreign Policy: An African Dimension

By Henry Tanner

CAIRO — Egypt has been making a quiet but persistent effort to give a distinct African dimension to its foreign policy.

The effort was highlighted this past weekend as Egypt played host in Cairo to a new round of negotiations between the United States, South Africa, Angola and Cuba on ending 13 years of war in Angola and South-West Africa.

Thousands of Egyptian doctors, teachers, agricultural and irrigation engineers, pilots and other experts have been sent south of the Sahara for the past 10 years as part of a South-South technical assistance program for 41 African countries.

"We have no money to put into foreign aid but we provide skills," said Butros Butros Ghali, the minister of state for foreign affairs who has been the driving spirit behind Egypt's Africa policy.

CAIRO — Trees grow in Shubra el-Khalafay and flowers and hedges and grass in the wide spaces between apartment blocks that used to sprout only garbage.

before the rains stopped falling on the headwaters of the Nile. But the specter of a catastrophic water shortage for energy and irrigation has given the policy new urgency.

Wars, civil wars and general domestic instability on the upper reaches of the Nile, particularly in Sudan, Ethiopia and Uganda, will make it impossible for many years to launch major projects for harnessing the river and the lakes through which it passes.

But Egyptian diplomacy is taking a long-term approach. Although they deny it in public, the Egyptians are acting as discreet intermediaries in several of the region's conflicts.

"This country is going through a slow but monumental structural change," said Alex Rondos, program director for the Middle East and North Africa for Catholic Relief Services.

There was sewage and garbage in front of our apartments so we decided to plant a garden," Mr. Allan said. "The neighbors saw what we did and became jealous, so they started to do the same."

Egypt, a downstream country with large needs of water and energy, would be a chief beneficiary of any joint harnessing of the Nile. But the Egyptians argue that the landlocked upstream countries have a vital interest in projects that would give them river and rail access to the Mediterranean.

Egypt is as much an African as a Middle Eastern state, said Mr. Butros Ghali, quoting Leopold Senghor, the poet and philosopher and former president of Senegal, on the Pharaonic origins of much of black Africa's earliest culture.

Other organizations have had more tolerance for bureaucracy and success in wending their way through the Egyptian and foreign aid systems. The U.S. Agency for International Development gives about \$5 million a year to projects proposed by so-called private vol-

untary organizations, many of them religious groups. Aid money, channeled through Egypt's Ministry of Social Affairs, has set up day-care centers, vocational training programs, youth clubs and clinics that provide employment and services that the overburdened government can no longer supply in sufficient quantity or quality.

Barbara Slavin

# Residents Taking Up Where Aid Won't Reach

CAIRO — Trees grow in Shubra el-Khalafay and flowers and hedges and grass in the wide spaces between apartment blocks that used to sprout only garbage.

A sandy field around an old bomb shelter that once was a hangout for incipient juvenile delinquents has been turned into a community club with swings and seesaws, Ping-Pong tables and, in the shelter itself, workshops for textile printing and carpentry.

In other countries, such improvements might not seem so special, but in Cairo, where civic consciousness has been eroded by overpopulation and overdependence on the government, they are rare indeed.

"If Egypt didn't have the American government to back it up, we would have had to put our books in order much earlier," Professor Handoussa said.

"What strikes me most is how ambivalent everyone is," said Barbara Ibrahim, an American married to an Egyptian and program officer for urban development at the Ford Foundation office in Cairo.

Other organizations have had more tolerance for bureaucracy and success in wending their way through the Egyptian and foreign aid systems. The U.S. Agency for International Development gives about \$5 million a year to projects proposed by so-called private vol-

untary organizations, many of them religious groups. Aid money, channeled through Egypt's Ministry of Social Affairs, has set up day-care centers, vocational training programs, youth clubs and clinics that provide employment and services that the overburdened government can no longer supply in sufficient quantity or quality.

"This country is going through a slow but monumental structural change," said Alex Rondos, program director for the Middle East and North Africa for Catholic Relief Services.

There is an alteration of the social contract. The government can no longer guarantee jobs and services and that's forcing people to fill the gap.

The people of Shubra el-Khalafay were pioneers of this social trend.

Barbara Slavin

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
ISLAMIC INTERNATIONAL BANK FOR INVESTMENT AND DEVELOPMENT  
المصرف الإسلامي الدولي للإستثمار والتنمية

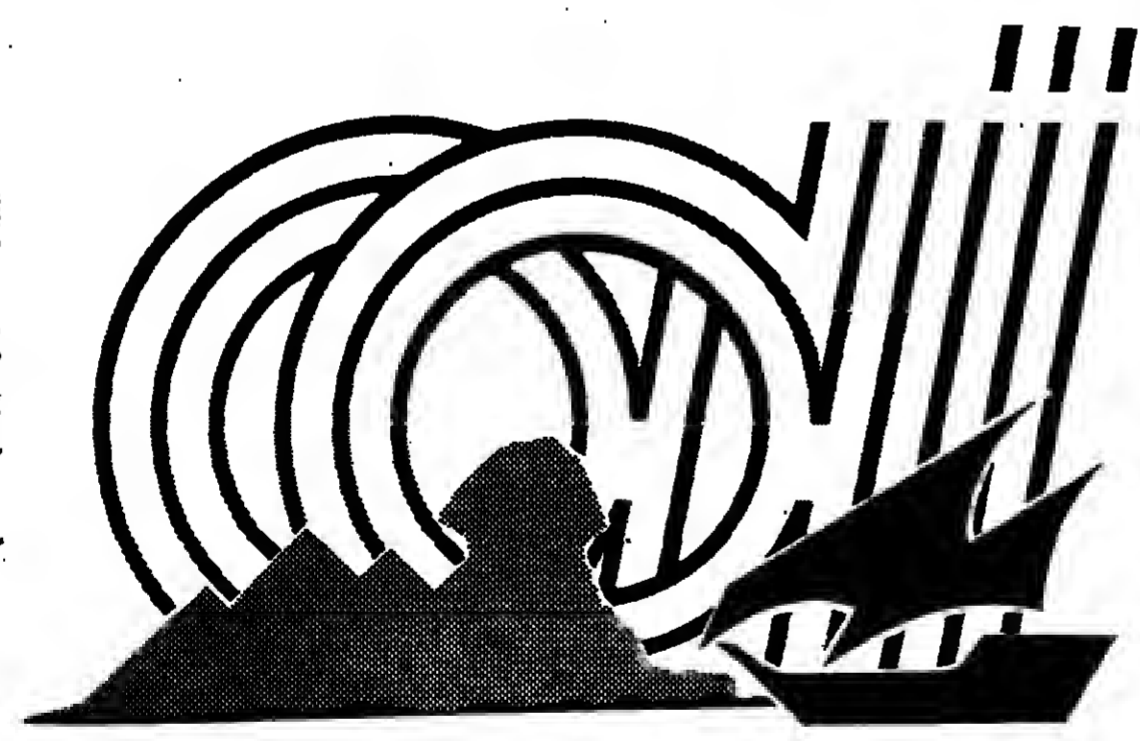
HEAD OFFICE AND MAIN BRANCH  
4 Addy St, Mesaha Square, Dokki, Cairo,  
P.O. Box 180 Orman - Giza.  
Tel: 20 2 3489973-75-76 & 80  
Telex: 21492-22442 & 22443 18ID UN  
Fax: 20 2 349 8501  
Cable: ISLAMA SRAF - Cairo.

OTHER BRANCHES

* El-Menia	Tel: 20 86 32 69 51
* Tanta	Tel: 20 40 32 00 20
* Mansoura	Tel: 20 50 32 85 41
* Alexandria	Tel: 20 3 48 35709
* Maorouf	Tel: 20 2 74 80 49

# Bank Earning

# Arab African International Bank From Strength to Strength



Based on the experience gained during 24 years of banking experience, the Arab African International Bank Group continues to provide banking services of the highest standard in: Project Development and Financing; Trade Financing; Documentary Letters of Credit and Letters of Guarantee Transactions; Arrangement and Management of Loans and Facilities; Syndications; Personal Banking Facilities; Treasury Operations; Local and International Credit Cards; Portfolio Management.

Paid in Capital US \$ 400 Million

Arab African International Bank & its Group  
A Towering Symbol of Progress

International Head Office:  
5, Midan El Saray Al Kobra Garden City  
P.O. Box 60 (Magless El-Sheab) 11516 Cairo  
Subsidiaries:  
Albahrein Arab African Bank (E.C.)  
Egypt Arab African Bank  
Tunis Arab African Bank

Branches:  
Egypt: Cairo, Alexandria, Heliopolis  
U.K.: London, West End - Licensed Deposit Taker  
U.S.A.: New York  
Bahamas: Nassau  
U.A.E.: Dubai, Abu Dhabi  
Lebanon: Beirut

# Doing Business In The Middle East, You Need a Partner You're Comfortable With: Hotels Meridien.

Doing business in the Middle East is tough. Meridien makes it untough. All over the Middle East, Meridien gives you all the comfort, the amenities, the backup support and the self-confidence you need so you can give the best of yourself to the job in hand. That means superb restaurants.

Complete away-from-the-office business facilities. And, in most hotels, topnotch attractions like swimming pools, squash and tennis, health clubs and lush shady gardens you can really relax in. The Americans call it tender loving care. The French have another name for it. Le Meridien.

In Abu Dhabi, Al Khobar, Baghdad, Cairo, Damascus, Heliopolis, Khartoum, Kuwait, Latakia, and more than 50 towns from New York to Tokyo, without forgetting Rio and Paris, Dakar and the Seychelles Islands. Information and reservations: your Air France Ticket Office or your Travel Agent, or in London 01/439.27.44 and in Paris 1/42.56.01.01.

Le MERIDIEN  
TRAVEL COMPANION OF AIR FRANCE

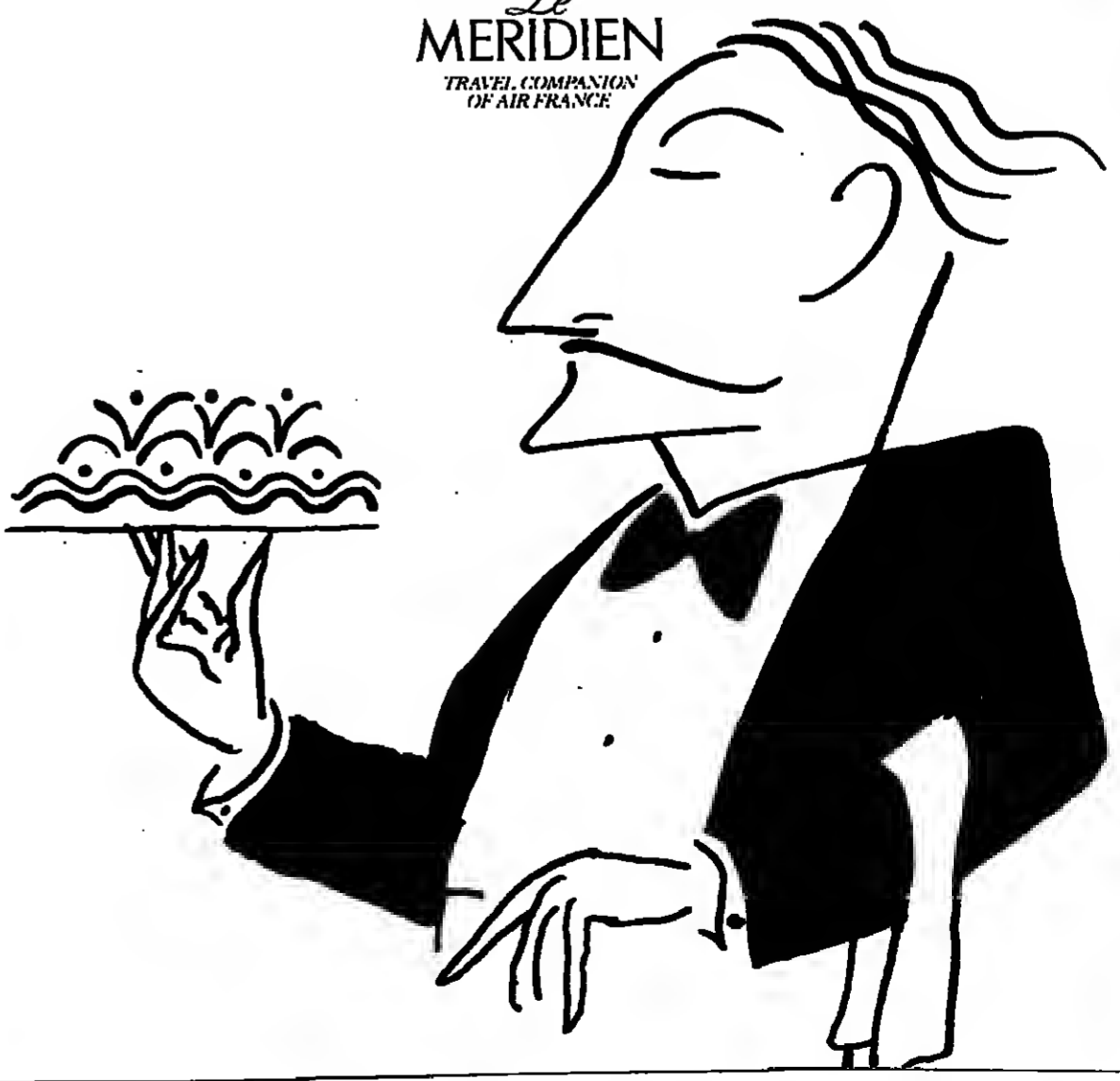


Illustration by Ken Marvinski for Le Meridien

## Drought Tests Nation's Dream

Continued from page 9

the temples at Karnak. Tour operators said river traffic returned to normal in February.

Officials at several ministries and at the High Dam all minimize the disruption of river traffic, attributing it to the yearly maintenance period of the irrigation canals when less water is released.

But this year was the first time the boats have been blocked. And unless this year's flood is good, it will happen next year as well.

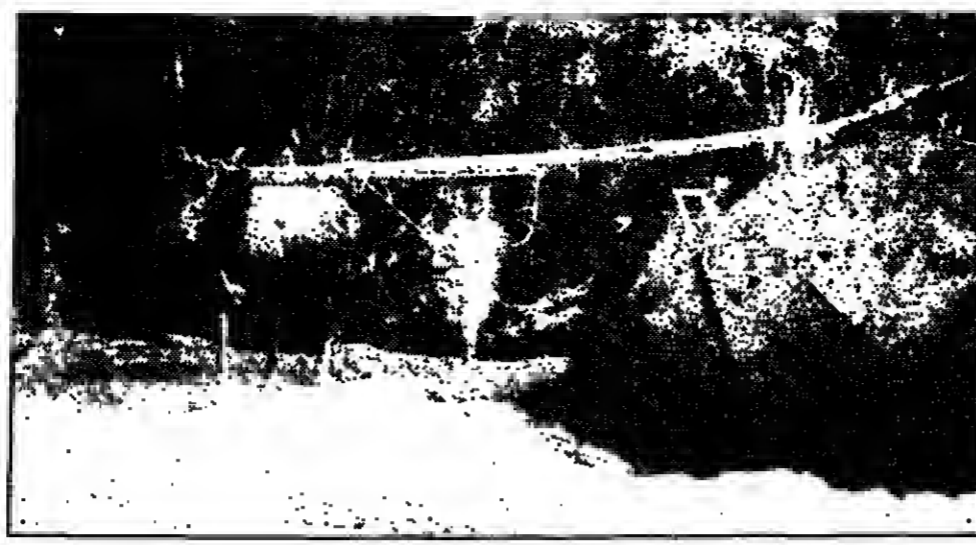
Much of the controversy over the Nile water crisis stems from a November 1987 report commissioned by the Egyptian government and the United Nations Development Program, aimed at finding new methods of irrigation

in the Nile Valley to combat future water shortages.

A copy of the report, performed by a British consulting group, Sir M. MacDonald and Partners Ltd., was made available to the International Herald Tribune. While it presents reasonable, cost-effective solutions for substantially increasing agricultural productivity and decreasing the amount of water which flows out to the Mediterranean unused, the report paints a grim picture of Egypt's economic and water resources.

These are some of the report's main findings:

- Available Nile water is "a limited resource which is already almost fully exploited." Therefore, the only way to improve agricultural production is to make "more effective use of the available water



An ox-driven water-wheel in the Nile Valley.

through improvement and better management of the irrigation systems." Such improvements require "major investment."

• Egypt's land reclamation program has largely failed due to low productivity, while the total land area throughout Egypt under cultivation "has increased little in recent years, during a period of rapid population growth."

• The level of self-sufficiency in six major foodstuffs, wheat, rice, sugar, pulses, cotton and meat, has fallen substantially since 1974, despite increased water availability.

• Water reserves at the High Dam have been drawn down to such an extent that "there will be little reserve storage in hand prior to the 1988 flood," while "the prognosis for Nile flows in future years is questionable."

• Continued drought will mean a 6 percent decrease in water available for irrigation next year, "assuming that all opportunities for water saving are exploited."

When President Anwar Sadat inaugurated the High Dam on Jan. 15, 1971, he spoke of a new era for Egypt. With the water stored in the 500-kilometer-long Lake Nasser, Egypt hoped to roll back the desert, generate power for new industries and increase agricultural yields. They even hoped to introduce rice — then something of a luxury to many Egyptians.

The High Dam has failed to live up to those hopes, according to the MacDonald report. Because of urban sprawl in the Nile Valley, the amount of arable land has continued to diminish despite the massive irrigation program — a tendency which the Egyptian authorities claim may be reversed for the first time this year.

Improved farm productivity and crop yields cannot keep up with the 2.8-percent yearly production increase, and Egypt imports more food today than ever before. As for the rice, Egyptian officials now admit they will have to switch to less water-intensive crops.

But the High Dam saved Egypt from potentially devastating floods in 1964 and 1975. It continues to shield Egypt from an even worse calamity: the 10-year Sahelian drought, which has hit hardest where it hurts Egypt most, at the source of the Nile in Ethiopia.

"Without the dam, Egypt would have suffered from famine like Ethiopia and the Sudan," said Ahmed Hassanain, chairman of the High Dam Authority. "But by using the reserve storage of Lake Nasser, we have been able to capture water from the big flood years, and use it in years when the flood is low."

The Nile flood comes every year in August and September. Egypt's "water year" — the administrative expression of a far older rhythm — begins on Aug. 1. But for the past 10 years the flood has been abnormally low. Last year's flood, for instance, was the second worst in the 110 years since Egypt began keeping statistics.

The Nile accounts for more than 95 percent of Egypt's water resources, providing drinking water, irrigation water and hydroelectric power. To compensate for the bad floods, Egypt has drawn about 72 billion cubic meters of water from the reserves of Lake Nasser. Mr. Hassanain said, with little "new water" coming in. In 10 years, the reservoir level has dropped about 25 meters.

By mid-June, the reservoir was at its lowest level ever, 153 meters. Mr. Hassanain and other officials expect it to drop to 150 meters by mid-July — within three meters of the absolute minimum prescribed

in the original Soviet design. If this year brings another bad flood, Egypt will face a water shortage of major proportions.

The three hydroelectric stations at Aswan produce 28 percent of Egypt's electricity, according to Electricity and Energy Minister Maher Abaza. By mid-June the 12 turbines at the High Dam had already been powered down, and Mr. Abaza said he expected to lose about 900 megawatts because of the water shortage. "That is about 15 percent of the peak load of Egypt's entire electricity grid, normally rated at around 7,000 megawatts."

If Lake Nasser drops below 147 meters — which could happen early next year — then the High Dam power station will have to shut down completely.

But Mr. Abaza and other officials were not overly concerned. "Next year we will add 1,600 megawatts of production capacity, by opening several new coal and gas power plants currently under construction," Mr. Abaza said. "The real problem for us is July and August. Then we are in for a crunch."

On May 1, President Hosni Mubarak appealed to Egyptians to conserve electricity.

On May 10, the parliament voted to advance daylight savings time. Substantial increases in electricity rates, to discourage consumption, coupled to a massive public information campaign, have helped decrease consumption by 1 percent since January.

Over the past year, Egypt has stepped up its modest effort to meet some of the electricity shortfall through new and renewable energy, including solar power units.

## Islamic Investment Houses Become National Headache

By Henry Tanner

**C**AIRO — On a hot night recently about 10,000 anxious men and women traveling in buses and cars ranging from shiny Mercedes to pickup trucks converged on a sandy plot of land about 15 miles north of Cairo on the desert road to Alexandria.

Billboards proclaimed that the site was the home of Metro Chicken Farm, a venture of Al Rayan, one of Egypt's controversial Islamic investment houses.

The visitors were investors who had come to a meeting of the Al Rayan board called after Cairo newspapers had reported an alarming power struggle within the company's founding family as well as rumors of violence, drug-taking and wild parties.

The founders were on the date. Ahmed Tawfiq, 32, who recently replaced his older brother Fathi as chairman, conceded that business had not been very good lately. The crowd cheered when Fathi Tawfiq told them that, contrary to the rumors, he was not a drug addict. He said he had merely been overworked, had taken many sedatives and had gone to a hospital for treatment.

Their father was also there, but not the third brother, Mohammed, who is serving a two-year sentence for importing goods illegally.

A prominent Moslem preacher, Abdel Sabour Shehien, also on the date, accused the government of trying to break the Islamic companies that were the only salvation of pensioners and little people.

When the meeting ended more than two hours later, it had been decided — over the shouted objections of some — that each investor would continue to get his monthly "profit" of 2 percent hot would not be able to withdraw his capital until at least the next board meeting three months later.

Not all those present were reassured. "What could I do? Who else would pay me 1,000 pounds every month on an investment of 50,000 pounds?" one of the men said.

The meeting was more than folklore.

The self-styled Islamic companies have become a national issue and one of the Mubarak government's major headaches.

There are four or five major operators and as many as 100 obscure little ones. They are believed to have more than one million customers, most of them small and very small investors.

With inflation running at about 30 percent, the companies have been fulfilling a social function that the government is unable to discharge: They pay at least 24 percent "profits" a year in monthly installments and promise an undetermined additional amount at the end of the year if business is good. They are the little people's only hope to keep up with inflation. Regular banks pay 13.2 percent at most.

But from a social safety valve that was initially tolerated and perhaps welcomed by the authorities, they have developed into a monster that the government is hard put to tame.

It all began a few years ago when black-market money-changers operating in Egypt and the Gulf countries started to tap the huge earnings of millions of Egyptians working in the Gulf.

They are believed to have attracted deposits totaling 12 billion Egyptian pounds (\$5.26 billion) and possibly much more, according to financial experts.

The companies thus have grown into a huge unregulated parallel financial sector which is acting in competition with official banking institutions. The money they attract is lost to the national economy,

which is in desperate need of domestic investment. In addition, they have come to control important sectors of the economy, notably imports of grain, timber and steel rods for construction.

Their high "profits," the government says, have come from heavy speculation in international securities, gold and commodities as well as illegal or extrajudicial operations of different kinds.

Officials also suspect that they are running pyramid schemes, paying "profits" out of new deposits.

One company, Al Sherif, is reputed to operate more conservatively and to have serious investments in Egypt.

In recent months, the government has repeatedly

**The money they attract is lost to the national economy.**

warned that one or several of the companies might collapse, deepening the life savings of their customers and triggering off a nationwide panic with incalculable consequences.

There was the beginning of a run on the Cairo office of Al Rayan after it was reported to have suffered heavy losses in the stock market fall last October. The 1982 collapse of the unofficial Souk al Mabahith stock market in Kuwait is also remembered.

Prime Minister Atef Sidki has said that the owners of several of the small companies had fled abroad, taking their customers' funds with them. Eleven owners, including those of Al Rayan, are prohibited from leaving the country by order of the courts.

Mr. Sidki said that the bulk of the Islamic companies' assets were held outside Egypt; that the deposits were kept in the names of the company's owners rather than the companies themselves, and that the depositors had been given a simple receipt for their money but no investment certificate of any kind.

The companies' claim to be "Islamic" institutions that pay "profits" rather than interest, which Islamic jurists regard as being forbidden by the Koran, has been part of their attraction. Their names often have religious connotations. Al Rayan, for instance, is the Door to Eden.

Some weeks ago, after years of hesitation, the government finally got the People's Assembly to adopt a law which, if implemented, will subvert the companies to normal banking regulations.

Under the law, the companies will have to convert into regular share-holding companies and issue investment certificates rather than simple receipts. They will also have to register their operations; their accounts that can be inspected and refrain from transferring funds abroad without permission.

The companies which accept the conversion will have a year's grace. The others will have to repay their deposits to the customers within two years.

The companies have been fighting the measure in public rallies and in the press. Some have argued that they may not be able to pay back their deposits if the law is implemented — and that the disappointed small investors will turn their wrath against the government and not against the companies.

### American Express

### Is In Egypt To Help You

Whether you are in Egypt on business or travelling for pleasure, American Express is here to help you with 10 offices conveniently located around Cairo, as well as offices in Luxor and Aswan.

We offer our own regular sightseeing tours as well as our more familiar Cardmember services. We can help you with your Travellers Cheque requirements and foreign currency exchange.

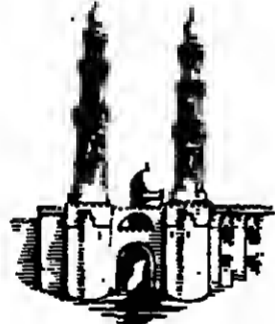
**American Express of Egypt, Ltd.**  
15 Kasr El Nil Street, Cairo  
Tel: 750444

Nile Hilton · Ramses Hilton · Semiramis  
Intercontinental · Cairo Sheraton ·  
Meridien Cairo and Helipolis · Marriott ·  
Residence Maadi · Cataract Luxor ·  
Winter Palace Aswan

American Express  
Don't leave home without us



## BANQUE DU CAIRE (S.A.E.) EGYPT



One of Egypt's leading commercial banks and one of the largest too

Our most valuable assets Experience, Flexibility & Efficiency

**"Make Banque Du Caire your first port of call"**

Financial Statement as at 30th June, 1987

LIABILITIES	Million L.E.
Capital, Reserves & Provisions	580
Deposits & Current Accounts	4,297
Banks & Correspondents	321
Sundry Credit Balances	355
	<u>5,553</u>
Contra Accounts	<u>2,089</u>
<b>ASSETS</b>	<b>Million L.E.</b>
Cash & Balances with Banks & Correspondents	2,326
Total Investments	739
Total Advances & Loans	2,362
Sundry Debit Balances	126
	<u>5,553</u>
Contra Accounts	<u>2,089</u>
Net Profit	<u>35</u>

Joint Ventures:

- Banque Du Caire Barclays International Bank/Egypt
- Banque du Caire et de Paris/Egypt
- Cairo Far East Bank/Egypt
- Saudi Cairo Bank/Saudi Arabia
- Cairo Amman Bank/Jordan

and participating in the following banks:

- Suez Canal Bank/Egypt
- Housing & Development Bank/Egypt
- Egyptian Gulf Bank/Egypt
- National Bank for Development/Egypt
- Egypt Arab African Bank/Egypt
- Pyramids Bank/Cairo
- Export Development Bank of Egypt/Cairo
- Kalyoubia National Bank for Development

Participating in 33 other companies in various activities:  
123 Branches & Offices in Egypt  
4 Branches in the U.A.E. & One in Bahrain

HEAD OFFICE:  
Banque du Caire Tower, 30 Roushdy Street, - Cairo - Egypt  
Telephone: 390 4554  
Telex: 92022 - 92838 - 23438 BNKHR - UN

## Miqr Overseas Airways



A Member of the AL HODA MISR GROUP

32b Morad Street, Giza, Egypt Tel: 723195-732787-730064-732642  
Tlx: 20687 JUICE UN - 20211 HODAC UN Fax: 731045

سكواين لامل

Freeing business people  
**Panasonic**  
Office Automation  
WEDNESDAY, JUNE 29, 1988

# Herald Tribune BUSINESS/FINANCE

for creative tasks.  
**Panasonic**  
Office Automation  
Page 15

## MADISON AVENUE Competitive Ads: Boring, Boring, Boring

By PHILIP H. DOUGHERTY  
*New York Times Service*  
**NEW YORK** — If it were up to Larry Light, there would be no more of those repetitive, nerve-grinding television commercials typified by "Fill it to the rim with Brim" and "Ring around the collar." Mr. Light, president and chief executive of Backer Spielvogel Bates International, said, "When it comes to advertising, we've learned that frequency is essential. But high frequency combined with repetition of a single advertising execution can result in boring, redundant advertising which is ultimately rejected." Light deplored the practice of creating an advertising spot and then making commercials with little change of format. He called such ads "cookie-cutter clones," and said, "You cannot beat, badger, belabor, bore the generation into buying."

Light favored what he called the "album" concept, which means creating commercials to a single strategy but with a variety of executions. Light's advice: "Don't campaign static; build, then, develop, vary, modify, evolve a campaign to keep it alive, interesting, effective." Light said that the cost of advertising is not in manpower and time, but in the penny-pinching days, that is an important consideration.

Light said he favored what he called the "album" concept, which means creating commercials to a single strategy but with a variety of executions. Light's advice: "Don't campaign static; build, then, develop, vary, modify, evolve a campaign to keep it alive, interesting, effective." Light said that the cost of advertising is not in manpower and time, but in the penny-pinching days, that is an important consideration.

Light said he favored what he called the "album" concept, which means creating commercials to a single strategy but with a variety of executions. Light's advice: "Don't campaign static; build, then, develop, vary, modify, evolve a campaign to keep it alive, interesting, effective." Light said that the cost of advertising is not in manpower and time, but in the penny-pinching days, that is an important consideration.

## U.K. Lifts Key Rate Half Point

### Increase to 9.5% Below Forecasts

By Warren Getler  
*International Herald Tribune*  
**LONDON** — The Bank of England, responding to a dramatic deterioration in Britain's trade performance and fears of accelerating inflation, prompted commercial banks to raise their base lending rates Tuesday by a half point to 9.5 percent, the fourth half-point hike this month.

But the interest rate increase, aimed at cooling the economy, fell short of the one percentage point rise that economists and financial institutions had expected. Even so, the higher rates and a lower dollar in Europe boosted the pound on its trade-weighted index against a basket of currencies, to 75.1 percent of its 1975 value from 74.8 percent on Monday.

The Financial Times-Stock Exchange index of 100 leading shares rose 15.4 points to 1,856.90. Economists viewed the central bank's move to increase its own money market lending rate by a half point as a signal to consumers and companies to slow down their spending. But it comes just as major income tax cuts, contained in the budget for the current financial year through March 1989, are swelling consumers' paychecks.

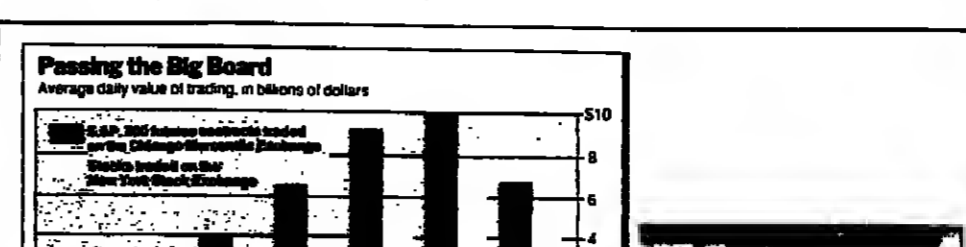
## Accounts

General Biscuit Brands of Elizabeth, New Jersey, has named A Advertising, an international firm with a Paris office, as agency for its LU cookie line. The client's parent company is Biscuits SA of France, a subsidiary of BSN Group, the food and beverage conglomerate.

V Philips, the Dutch electronics giant, has assigned responsibility for advertising its domestic appliances and personal care products in Britain to D'Arcy Masius Benton & Bowles, which is working for its lighting division there.

## People

Richard F. O'Brien has been promoted to vice chairman and committee member at Saatchi & Saatchi DFS Compton. William W. Young has been appointed senior vice president and general manager of Backer Spielvogel Bates, Los Angeles.



Trading at the New York Stock Exchange. The Big Board is attempting to counteract stiff competition from the markets in Chicago by introducing new financial instruments of its own.

## NYSE Puts Battle Plan in Motion

### Shift in Trading Practices Prompts the Call to Arms

By James Sternfeld  
*New York Times Service*  
**NEW YORK** — The New York Stock Exchange was threatened. With its slow, anachronistic trading methods, it was losing business to a new, competing market.

The situation may sound familiar, but the year was 1869. The exchange's system of auctioning each stock for just a short time each day was being challenged by another market — the Open Board of Brokers — where shares were bought and sold throughout each session.

## Dollar Ends Mixed After Official Sales

*Reuters*  
**NEW YORK** — Despite concerted central bank intervention to blunt its two-week surge, the dollar closed mixed Tuesday in hectic New York trading, extending its rise against the yen after declining against most currencies in Europe.

The currency shrugged off the European intervention and had pushed through its eight-month high reached on Monday, but slipped back when the Federal Reserve Board joined its European counterparts, selling dollars at 1.8215 Deutsche marks and 1.8230 DM.

Dealers said that the modest style of the Fed's operation reinforced a widespread market view that the U.S. central bank simply wants to prevent a rapid or disorderly dollar advance, and that it is not trying to prevent the currency from moving higher.

Sentiment is still in favor of the dollar, despite what happens in the short term, said David Deakin, senior manager at EBC Amro Bank in London.

## Currency Rates

Rate	6/29	6/28	6/27
\$/DM	1.8215	1.8230	1.8215
\$/Sfr	1.5065	1.5080	1.5065
\$/Yen	164.00	164.00	164.00

Currency	Per \$	Per 100
DM	1.8215	182.15
Sfr	1.5065	150.65
Yen	164.00	16400

Rate	6/29	6/28	6/27
\$/DM	1.8215	1.8230	1.8215
\$/Sfr	1.5065	1.5080	1.5065
\$/Yen	164.00	164.00	164.00

## Interest Rates

Rate	6/29	6/28	6/27
3-month	7.50	7.50	7.50
6-month	7.50	7.50	7.50
1-year	7.50	7.50	7.50

Rate	6/29	6/28	6/27
3-month	7.50	7.50	7.50
6-month	7.50	7.50	7.50
1-year	7.50	7.50	7.50

At Republic National Bank, private banking is a matter of knowing you can.

Knowing you can depends on knowing whom you trust. A private banking partner that looks after your assets while you enjoy the benefits. And when the euphoria of success has worn off, you'll realize that the whole operation was an exercise in safety. Republic National Bank's commitment to safety is the foundation upon which successful private-banking partnerships are built.

Republic National Bank of New York. A matter of trust.

## REPUBLIC NATIONAL BANK OF NEW YORK (SUISSE) SA

A SAFRA BANK

HEAD OFFICE: 2, PLACE DU LAC - 1204 GENEVA - TEL. (022) 28 18 10 - FOREX: (022) 29 05 01 - BRANCH: 1, VIA CANOVA - 6900 LUGANO - TEL. (091) 25 85 12

NEW YORK MIAMI LOS ANGELES BEVERLY HILLS CORPUS CHRISTI MONTREAL LONDON PARIS MONTE CARLO LUXEMBOURG MILAN GIBRALTAR GUERNSEY HONG KONG SINGAPORE TOKYO NASSAU CAYMAN ISLANDS BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

NYSE Most Actives table with columns for stock symbols, volume, high, low, and change.

Market Sides table showing NYSE 4 p.m. volume, NYSE prev. close, and other market statistics.

NYSE Index table showing Composite, Industrials, Transp., and Utilities indices with high, low, and change.

Tuesday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table listing various market activities and their status.

NASDAQ Index table showing Composite, Industrials, Finance, Insurance, and Utilities indices.

AMEX Most Actives table listing active stocks on the AMEX exchange.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing daily market events and volume.

Odd-Lot Trading in N.Y. table showing odd-lot trading statistics.

Dow Jones Averages table showing the performance of the Dow Jones Industrial Average.

Standard & Poor's Index table showing the Standard & Poor's 500 Index.

NASDAQ Diary table listing NASDAQ market activities.

AMEX Stock Index table showing the AMEX Stock Index.

NYSE Rises on Steady Dollar

Main article text discussing market performance, the steady dollar, and analyst comments.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close.

Handwritten Arabic text in a box on the left margin.



FINANCIAL ROUNDUP

Racal to Float Up to 25% of Unit

Reston — Racal Electronics Tuesday said the planned flotation of its telecommunications unit will be in October for 25 percent of the division, which includes the Vodafone cellular business.

For some time "we have believed," the company said, that the telecommunications group's value has not been sufficiently reflected in the share price.

The flotation plan was widely thought to have discouraged potential bidders for Racal, particularly Cable & Wireless PLC, which last week disclosed it had built up a 2.8 percent holding in the company.

Italian Insurer Discloses Price Of Midi Stake

TRIESTE, Italy — Assicurazioni Generali SpA, the big Italian insurance company, disclosed on Tuesday it has spent 599 billion lire (\$442.6 million) for its current direct 8.5 percent stake in the French insurer Compagnie du Midi.

Citicorp Is Said to Weigh Texas Bank Takeover

By Thomas C. Hayes New York Times Service DALLAS — A large team of bankers from Citicorp, the largest U.S. bank holding company, is examining the books of troubled First RepublicBank Corp., weighing the possibility of acquiring the Texas bank, a First RepublicBank spokesman said Tuesday.

First RepublicBank spokesman, Joe Bowles, said that the FDIC had requested we receive them and cooperate with their examination of the books.

Weeks, said that as a matter of corporate policy the company would not comment on the reports. Citicorp's shares were 12.5 cents higher at \$23.875 in midday trading on the New York Stock Exchange, and First RepublicBank's were 37.85 cents up at \$1.875.

The company's preliminary plan for reorganization, delivered to the FDIC on June 9, calls for troubled assets to be placed in a separate banking company, of which the FDIC would own 75 percent.

Banesto Plans New Issue

Reston — Banco Espanol de Crédito said it will issue 10 million pesetas (\$63.83 million) of stock in a rights offering to bring its capital in line with Banco Central SA, which it plans to merge with.

Générale Stock Cost 2 Groups \$4.6 Billion

By Jacques Neher Special to the Herald Tribune PARIS — Investor groups led by Compagnie Financière de Suez and Carlo de Benedetti spent an indicated 17.3 billion Belgian francs (\$4.6 billion) in their six-month battle for control of Société Générale de Belgique, according to figures released by Suez on Tuesday.

de Benedetti, the Italian industrialist, was likely a little higher. Assuming that both sides paid the same average price, the almost 30.8 million shares they bought would have cost 137.1 billion francs.

Benedetti to reduce his stake in Générale to 16 percent by selling 6 million shares to Sodocom for cash and 1.75 million shares directly to Suez. In return, Mr. de Benedetti was awarded a seat on Société Générale's board.

SEC: Facing New Trading Strategies and Stiffer Competition, the Big Board Issues a Call to Arms

ed from first finance page) of individual stocks. These are likely to lose their excess valueable information flow of certain buy and sell — known as a limit order — putting more investors in equal footing.

are modeled on Chicago's futures markets. "What they're trying to do is adopt the innovations of their competitor, recognizing the economic reality," said Hans Stoll, a professor at Vanderbilt University's business school, who drew the analogy with 1869.

firm, and vice chairman of the Big Board. Not everyone thought such changes are necessarily better. Some argued that they were likely to produce more volatile stock prices over all. And the changes

measures to cut back on program trading and the use of stock index futures. In fact, the Big Board responded by instituting a "collar" that shuts down all program trading done through the exchange's electronic order system for the Dow Jones industrial average rises or falls more than 50 points in one day.

New Zealand Sets Bank Sale

Compiled by Our Staff From Despatches WELLINGTON, New Zealand — The New Zealand government said Tuesday it agreed to sell the state-owned merchant bank DFC New Zealand Ltd. to National Provident Fund and Salomon Brothers Inc. for 11.3 million New Zealand dollars (\$76.6 million).

Mr. Casey said the further losses were primarily made up of continued loan losses and lowered appraisals of real estate collateral. In the second quarter of 1987, First RepublicBank Corp. reported a loss of \$313.2 million.

Mr. Casey said the Dallas real estate market had still not bottomed out. "Each reappraisal seems to be softer," he said. "I'm hopeful there'll be some indication of a turning up, but I can't say there is at this time," the bank executive added.

Japan Is to Get U.S.-Made TVs

Los Angeles Times Service LOS ANGELES — Matsushita Industrial Electric Co. is planning to send U.S.-made large-screen televisions to Japan, in line with a recent trend of increased TV assembly in the United States.



S.J. HAUPT & CO. specializes in \$10 to \$50 million M&A transactions across North America.

- Destabilized market conditions dictate consideration of the following:
- The sale of a division or company to preserve shareholder value.
- The sale of ancillary assets, by corporations, to provide capital to sustain principal business operations.
- The sale of a division to existing management, if a third party sale, at a given price, is indeterminate.
- The sale of a division, or company, where preservation of customer, product and operational integrity is of paramount importance.
- The sale, or opportunistic purchase, of assets in Canada, Spain, Italy, France or Germany—where local market expertise is required.
- The sale of a company through a firm with execution standards that include broader technical prowess, quality and service than a business broker/finder at a competitive price.
- The potential sale of large blocks of high yield bonds that may presently, or prospectively, experience significant erosion in value. Although no covenants have been broken or trustee action taken, we can undertake a thorough corporate analysis.

S.J. HAUPT & CO. specializes in the sale of private and/or closely held businesses and facilitates leveraged buyouts by division management through capital funding expertise. We maximize the value of smaller corporate acquisitions and divestitures with the same expertise that is applied to larger transactions.
Inquiries should be directed to (212) 750-7800.
S.J. HAUPT & CO.
527 Madison Avenue 21st Floor New York, NY 10022 Fax (212) 223-4622
Affiliated offices in London, Tokyo, Melbourne and Sydney.

Advertisement for The Carlyle Hotel, featuring the hotel's name in a stylized font and contact information for reservations and services.

Large advertisement for the International Herald Tribune, featuring the headline 'Save 40%' and details about a 12-month subscription offer, including the number of extra issues and total savings.

Advertisement for S.J. Haupt & Co. M&A services, including a list of services offered, contact information, and a table of subscription rates for various countries and currencies.

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chng. Over

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

Table with columns: Section High Low Open High Low Close Chng.

NYSE High-Lows

Table with columns: NEW HIGHS Z, NEW LOWS M

Pennzoil Is Looking At Tenneco Oil Unit

HOUSTON — Pennzoil Co. may be interested in buying Tenneco Inc.'s oil subsidiary, Randall McDonald, the chairman of Pennzoil, said Tuesday.

NYSE Disciplines Hutton and 2 Former Executives

NEW YORK — The New York Stock Exchange said it disciplined E.F. Hutton & Co. and two former executives of the firm, who worked for it in the early 1980s when the brokerage overvalued bank accounts.

GM Shuffles Its Top Management

DETROIT — General Motors Corp. made a series of top management changes on Tuesday, including the election of three new executive vice presidents that it said would significantly strengthen the automaker's structure.

Currency Options

Table with columns: PHILADELPHIA EXCHANGE, CENTS PER 100 CENTS

Paris Commodities

Table with columns: SUGAR, COFFEE, COPPER

London Metals

Table with columns: ALUMINUM, COPPER, ZINC

S&P 100 Index Options

Table with columns: S&P 100 INDEX, CALLS, PUTS

Dividends

Table with columns: COMPANY, DIVIDEND, PERCENT

Spot Commodities

Table with columns: COMMODITY, TODAY'S PRICE, PREVIOUS

DM Futures Options

Table with columns: DM FUTURES, CALLS, PUTS

U.S. Treasuries

Table with columns: U.S. TREASURY, DISCOUNT, YIELD

Stock Indexes

Table with columns: INDEX, POINTS, PERCENT

Commodity Indexes

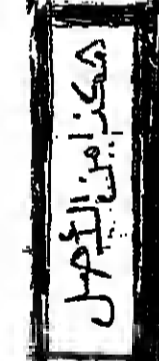
Table with columns: COMMODITY INDEX, POINTS, PERCENT

COCOM Clears Boeing 767 Sales

PARIS — Boeing Co. has received permission from the Coordinating Committee for Multilateral Export Controls to sell up to six of its 767 jets to Poland and Romania, diplomatic sources said Tuesday.

DM Futures Options

Table with columns: DM FUTURES, CALLS, PUTS



Vertical text on the right margin, possibly a page number or publication info.

سكواين لامل

AMEX Closing

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Table with columns: 12 Month High, Low, Stock, Dlx, Yld, PE, 52 High, 52 Low, Chg, Last. Lists various stocks like AIG, AIGP, AIGS, etc.

Floating-Rate Notes

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists various floating rate notes from issuers like Citicorp, Citicorp, etc.

Pounds Sterling

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists various floating rate notes in Pounds Sterling.

Deutsche Marks

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists various floating rate notes in Deutsche Marks.

Japanese Yen

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists various floating rate notes in Japanese Yen.

E.C.U.

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists various floating rate notes in E.C.U.

Advertisement for Business School Lausanne, Seminar M.B.A. Master of Business Administration.

Advertisement for Herald International Tribune, Now Printed in the U.S. For Same Day Service in Key American Cities.

Advertisement for Commerzbank (Switzerland) Ltd, your resourceful partner in Zurich and Geneva for expertise in all areas of private banking.

New U.S. Laws, Aging Population Spell Profit for Generic Drug Makers

CHICAGO — The generic drug industry is headed for a period of rapid growth as a result of federal legislation, the aging of the U.S. population and a number of large-volume drugs coming off patent, analysts say.

In 1986, generic drug sales reached \$4.7 billion, or 27 percent of the \$17.2 billion U.S. prescription drug market.

generic drug industry "on the books," said Elizabeth Greenham, a pharmaceutical analyst at Eberstadt Fleming. "And catastrophic health solidified it."

Under the catastrophic health bill passed by Congress, Medicare will pay 50 percent of the cost of prescription drugs in 1991, 60 percent in 1992 and 80 percent in 1993

comes off in 1989, Mr. Treppel estimated. "And 1991, 1992 and 1993 are a gold mine because the catastrophic bill kicks in and a lot of very popular drugs come off patent," he said.

INSIDER: Case Suggests That Illegal Deals Pers

(Continued from page 1) which was near his home. According to school records, he took several courses in economics and finance.

School officials said Monday that they did not recall Mr. Wang, who graduated in a class of 570.

In 1982, Mr. Wang moved to Urbana to attend the University of Illinois. During his four years there, he did not appear in Illinois, the school yearbook, with any of the school's clubs or organizations, school officials said.



Ivan F. Boesky, whose insider trading case is the only one larger than the Wang-Lee affair.

According to university records, Mr. Wang did not graduate. No reasons are provided in the records. Still, Mr. Wang won a coveted job in the financial analyst's program at Morgan Stanley.

These guys are the foot soldiers in a lot of these deals," an official of the American investment bank said. "The analyst is involved in transactions of all kinds. They are kind of the first block in the pyramid."

When Mr. Wang arrived at the firm in late June 1986, he was assigned to its leveraged-buyout division. The following March, he was transferred to the mergers-and-acquisitions unit, where he obtained the information that is charged with divulging.

Mr. Pollock noted a "lot of big-ticket items are going off patent" including Cimoral, an anti-inflamatory made by Merck & Co.

Various Wall Street professionals said Monday that the analysts have a good deal of access to inside information that could have potential value for any stock trader.

"These guys are the foot soldiers in a lot of these deals," an official of the American investment bank said. "The analyst is involved in transactions of all kinds. They are kind of the first block in the pyramid."

Mr. Pollock noted a "lot of big-ticket items are going off patent" including Cimoral, an anti-inflamatory made by Merck & Co.

ESCORTS & GUIDES INTERNATIONAL ESCORT SERVICE Head office in New York 330 W 56 St, NYC 10019 US

INTERFACES ESCORT SERVICE CHICAGO 313-373-3330 NEW YORK LOS ANGELES 212-866-7900

LONDON PORTMAN ESCORT AGENCY 67 Chiltern Street, London W1 Tel: 486 2724 or 936 9133

INTERNATIONAL CLASSIFIED (Continued from Back Page)

ESCORTS & GUIDES REGENCY WOLFGANG ESCORT SERVICE NEW YORK & LONDON Tel: 212-866-7972

ESCORTS & GUIDES

AMSTERDAM JASMIN ESCORT SERVICE Tel: 020-949099, The best in town. Credit cards accepted.

INTERNATIONAL CLASSIFIED (Continued from Back Page) ESCORTS & GUIDES REGENCY WOLFGANG ESCORT SERVICE NEW YORK & LONDON Tel: 212-866-7972

INTERNATIONAL BUSINESS MESSAGE CENTER

BUSINESS OPPORTUNITIES YOUR OFFICE IN LONDON YOUR GERMAN CONNECTION Marketing consultant acts as your representative for purchases/sales

OFFSHORE COMPANIES BRITISH VIRGIN ISLANDS \$950 GIBRALTAR \$395 GUINESS \$550 HONG KONG \$500

COMPUTER ASSOCIATES is moving, leaving on September 1st, 1988. 2,000 square meters can be divided for rent.

OFFSHORE COMPANY FORMATION UK, Isle of Man, Cyprus, Jersey, Panama, Liberia, etc. Full administration, nominees, etc.

INTERNATIONAL INVESTMENT OPPORTUNITIES INVESTMENT OPPORTUNITIES INVESTMENT OPPORTUNITIES

ATTENTION EXECUTIVES Hard to Borrow? Guarantee/No Loans Minimum: \$100,000

\$1000+ per month as part-time executive Take advantage of an excellent opportunity to reach a level of financial success most people dream of.

PARIS - LA DEFENSE 2,000 square meters can be divided for rent near PARIS - LA DEFENSE

OFFSHORE COMPANIES Free professional consultations, Worldwide incorporation, Immediate availability, Full confidential services

INTERNATIONAL INVESTMENT OPPORTUNITIES INVESTMENT OPPORTUNITIES INVESTMENT OPPORTUNITIES

OFFICE SERVICES Your Office in Germany Complete office services for two people

COTE D'AZUR - ST-TROPEZ Magnificent Tycoon Estate PERFECT FOR GRACIOUS LIVING AND CONGRUOUS SUMMERS

PRINCIPALITY OF MONACO PRESTIGIOUS OFFICES FOR RENT IN THE CENTER OF MONTE-CARLO

INTERNATIONAL OFFSHORE COMPANY INCORPORATIONS Comprehensive professional services in various countries

MAJOR LENDERS WANTED Growing American Co. seeks \$10 million loan

NEW YORK-5th AV BUS All office & marketing services, Fully equipped office space

THE GLOBAL NEWSPAPER International Herald Tribune ads work

RENTALS PRINCIPALITY OF MONACO LUXURIOUS OFFICES 142 rue, 92200/monaco + tel. Olivier, ERI, 74 Bd d'Italie, Monaco.

INTERNATIONAL ADVERTISING Recently won London-based operation provides exciting opportunity for sales and marketing

FINANCIAL SERVICES PRIME BANK GUARANTEES • Business Guarantees • Real Estate Guarantees

WORLD STOCKS IN REVIEW IN THE IHT EVERY MONDAY. A CONCISE OVERVIEW OF TRADING ON MAJOR WORLD STOCK MARKETS

RENTALS PRINCIPALITY OF MONACO LUXURIOUS OFFICES 142 rue, 92200/monaco + tel. Olivier, ERI, 74 Bd d'Italie, Monaco.

SALES 17% RETURN Commercial real estate in Amsterdam. Write ENR, POB 17162, Amsterdam or phone 31-2022-6247

OFFICES WANTED INTERNATIONAL COMPANY Recently won London-based operation provides exciting opportunity for sales and marketing

VENTURE CAPITAL CONSULTANTS 16011 Veterans Blvd., Suite 999 Bakersfield, California 91436 USA

WORLD STOCKS IN REVIEW IN THE IHT EVERY MONDAY. A CONCISE OVERVIEW OF TRADING ON MAJOR WORLD STOCK MARKETS

CURRENCY MARKETS

DLAR: Currency Holds Its Own Despite Bank Sales

(From first finance page)

dollar to about 130 yen... more about U.S. economic... and a belief that American... deficit was narrow...

London Dollar Rates

Table with columns: Currency, Rate, % Change, High, Low, 4 P.M. Close

1,8070 DM, after 1,8185 on Monday... to 130.75 yen, from 130.95;... to 6,0885 French francs from 6,1405.

The pound rose to \$1.7190 from \$1.7025... Sterling ended firmer at 3.1050 DM in London...

But some traders believed that the British government was satisfied with sterling's present trading ranges and would be seeking to consolidate that position rather than to rush toward further interest rate rises.

A dealer, referring to the market's preoccupation with the near-doubling of the British current account deficit in May to £1.21 billion, said it would take more than another interest rate rise to resolve Britain's worsening balance of payments...

RATES: Rise to 9.5% by U.K. Banks Below Forecasts

(Continued from first finance page) The money market continued to expect a rise in base rates to 10 percent in the short-term...

pressed with the bank's action and was still discounting an almost full point increase... Prime Minister Margaret Thatcher said that the main reason for the rate increase was "to make it quite clear that our overall objective of putting downward pressure on inflation remains and will be honored."

Mr. MacKinnon said that such an objective implies an increased value for the pound, since higher British interest rates attract investors to pound-denominated assets... "The authorities want to tighten monetary policy further," he said.

Upon prompting by the Bank of England, British banks raised their base lending rates a half point, to 9.5 percent on Tuesday... Some economists had expected a one-point rise.

Mr. MacKinnon said that such an objective implies an increased value for the pound, since higher British interest rates attract investors to pound-denominated assets... "The authorities want to tighten monetary policy further," he said.

Mr. MacKinnon said that such an objective implies an increased value for the pound, since higher British interest rates attract investors to pound-denominated assets... "The authorities want to tighten monetary policy further," he said.

Soviets Selling Gold Heavily In Hong Kong

HONG KONG — The Soviet Union has been a heavy seller of gold on the Hong Kong market over the past two days, dealers said Tuesday.

The Soviet Union occasionally uses the Hong Kong market, but there was a marked increase Monday in selling, they said. The sales tapered off somewhat Tuesday.

"The offers were placed with international bullion houses and banks between \$442 and \$443 on Monday," said senior dealer at a British bullion house. "The selling continued this morning but on a smaller scale." Dealers said the selling, however, had produced little downward pressure on gold prices.

Bundebank Not Wed to Rate Hike, Official Says

HANNOVER, West Germany — The central bank of West Germany's Bundebank will discuss interest rates at its regularly scheduled meeting on Thursday but there is little support for raising the benchmark discount rate at this time, a source close to the central bank said Tuesday.

Economists and money market participants have been speculating in recent days that the Bundebank may be forced to lift the discount rate on Thursday to 3 percent from 2.5 percent in a bid to slow capital outflows, halt Deutsche mark's recent slide and reduce the risk of rekindling inflation.

"I'm convinced the Bundebank is going to raise the rate, but it could be by either a half-point or a full point, to 3.5 percent," a money market dealer said.

Economists said the mark's depreciation and the heavy outflow of capital from West Germany so far this year, combined with persistently above-target money supply growth, made a discount-rate increase unavoidable.

But a senior Frankfurt banking source said that while those factors do concern the Bundebank, "it no longer views the discount rate as

the most practical tool for dealing with such things... "While it is still very significant as a signal to the markets, the securities repurchase rate is really the key interest rate in trying to steer monetary policy and reduce money supply growth," the official, who declined to be identified, added.

The Bundebank president, Karl Otto Pöhl, has noted that the repurchase rate is the central bank's key interest rate for steering the money markets and that the discount rate and emergency funding Lombard rate tend to lag market developments.

Money market dealers and economists, however, argue that changes in the discount and Lombard rate have a greater psychological "heavy-tilly" impact on markets because they are changed less frequently.

The Bundebank official would not speculate on whether the central bank may announce a surprise round of securities repurchase agreements in lieu of an increase in the discount rate.

Last week, the Bundebank lifted the securities repurchase rate to 3.5 percent from 3.25 percent.

That move had little immediate effect in supporting the mark and dampening enthusiasm for the dollar. But combined with open-market dollar sales by the Bundebank and other major central banks in recent days, the slight upward pressure on German rates has been a factor in dampening the U.S. currency.

"Whether the discount rate is raised or not will depend largely on what the dollar does," the Frankfurt source said. "If it rises too strongly, they may be forced to lift the discount."

Analysts said that the recent acceleration in West Germany's money supply and fears that this could cause inflation to rise in the future were also likely to persuade the Bundebank to increase official interest rates.

West Germany's M-3 money supply figure, the central bank's key monetary aggregate, accelerated to an annualized growth rate of 7.5 percent in the April-May period from 7.3 percent in the March-April period. The bank's official target zone for the aggregate is 3 to 6 percent annual growth.

Some dealers said there was a possibility that the Bundebank could announce an extraordinary securities repurchase pact on Wednesday to ease the current strains in the money market.

Japan Nudges Short-Term Rates Up, Little Impact Expected

TOKYO — The Bank of Japan allowed an increase of 1/16th of a point Tuesday in the three-month commercial bill discount rate, which is now at 4 percent, money traders said.

The increase reflected the expectation of a seasonal funds shortage at the end of September, when Japanese companies close their interim or annual books, the traders said.

The move had been widely anticipated in the short-term money and bond markets and had limited impact, they said.

A Bank of Japan official also cited seasonal factors, but added that the increase came earlier than usual because of growing market expectation of higher interest rates.

The Bank of Japan has not changed its monetary stance and will continue to act cautiously and flexibly in the market, the official said.

The central bank had already allowed foreign banks to sell three-

month bills at 4 percent on Monday. A Bank of Japan official said there was too much worry about rising interest rates.

Japanese money traders expected higher money market interest rates in July because of seasonal factors. But some ruled out any chance of a rise in the yen discount rate, now at 2.5 percent.

"If Japan raises its official rate, it would make way for a further rise in interest rates of other countries such as West Germany and England," said Tatsuya Dezuka, general manager of New Japan Securities Co.'s bond department.

Japan has so far not intervened in the currency market to moderate the yen's recent fall against the dollar.

If the Bank of Japan tried to stop the yen's fall while the Japanese economy is performing well, it would only give the market further flexibility to sell marks and pounds, Mr. Dezuka said.

A half-point rise in the discount rate is also unlikely because it

would affect sentiment in the stock market, some dealers said. A stock market tumble would critically damage the Bank of Japan's plan for sustained economic growth without inflation.

A stock market fall would also cause problems for Japanese banks, which must raise 7 trillion yen or more from the share market in the next five years to improve their capital ratios.

"The Bank of Japan does not act in an obvious way but in a subtle way, so that people one day wake up to find themselves in a market where rates are clearly higher," said Yasushi Takasaki, manager of Daiwa Securities Co.'s bond department, short-term division.

"A phase of internationally super-low interest rates is coming to an end, but we will then still be in a phase of low interest rates," said Masatoshi Suzuki, director of Ueda Tanshi Co., a money brokerage.

Japan's short-term money market expects a seasonal shortage in July of around 2 trillion yen, traders said.

The Bank of Japan official estimate is for a 1.06 trillion shortfall in July.

The key two-month commercial bill discount rate is likely to rise 1/16 point in mid-July, as corporations start to cover their shortage of funds for the end of September, some traders said.

But Mr. Takasaki of Daiwa Securities noted, "The Bank of Japan is likely to offset excessive fears of a higher interest rate when it lets the two-month bill rate rise."

It would calm worries by pushing down the one month bill rate, by bill purchase operations, and by CD purchase operations, he noted.

More central bank operations in the bond market were also possible, the traders said.

The Bank of Japan bought government bonds totaling 246 billion yen (\$1.67 billion) on June 17 and an additional 50 billion last Tuesday.

WORLD CENTRAL OTC Prices

Hard to Borrow... Tuesday's OTC Prices... Via The Associated Press

Table with columns: Div. Yld., High, Low, 4 P.M. Close

Table with columns: Div. Yld., High, Low, 4 P.M. Close

Table with columns: Div. Yld., High, Low, 4 P.M. Close

Table with columns: Div. Yld., High, Low, 4 P.M. Close

Table with columns: Div. Yld., High, Low, 4 P.M. Close

Greece Confronts EC on Farm Pact

BRUSSELS — Greece confronted its European Community partners on Tuesday, threatening an accord on farm price supports that was reached last week after months of wrangling.

Greece, at a special agriculture meeting here late Monday, said that the deal as spelled out by the EC's executive commission did not boost the incomes of Greek farmers enough, an EC official said. Athens protested that the commission's interpretation of the agreement, reached Friday, did not match its own, the official said.

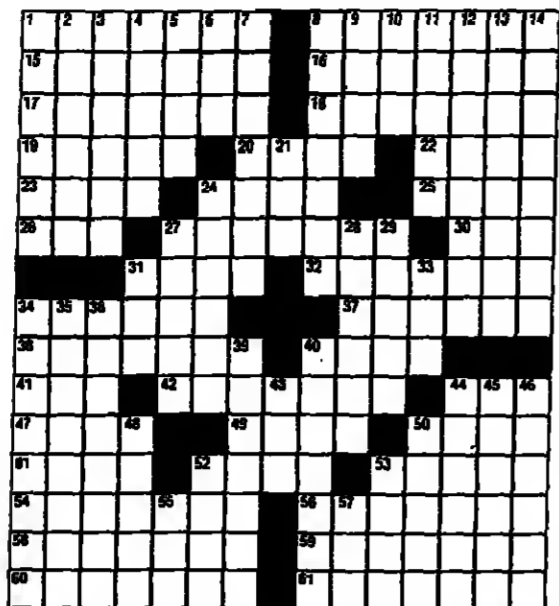
The problem hinges on how much farmers' incomes are increased by the devaluation of the community's system of so-called "green" currencies. This is the mechanism whereby guaranteed farm prices set in European currency units are converted into local currencies.

The accord reached Friday allows Athens to devalue the "green" drachma by 15 percent for annual products and by 20 percent for crops. But Greece said that EC officials have calculated the deal in such a way that Greeks are not receiving as much help as at first thought.

Greece said it accepted the deal because it believed that it effectively boosted its farm prices by 21 percent. The EC commission's interpretation puts the rise at 14 percent. The difference amounts to \$80.5 million.

The deal gave Greece 60 million ECUs (\$68 million) more than was accorded in an earlier compromise, while keeping farm spending within a 27.5 billion ECU ceiling agreed to at the EC summit meeting in February.

Table with columns: Div. Yld., High, Low, 4 P.M. Close



**ACROSS**

1 River of NE N.Y.  
8 Quasimodo  
13 Dubai, for one  
16 Fire or water  
17 Part of R.S.V.  
18 Dweller  
19 "The Sketch Book": Thackeray  
20 Kind of test  
22 Car with a bar  
23 Glandular problem  
24 Trampled  
25 Cease  
26 Gam  
27 Most indigent  
30 Cuckoo  
31 Individual  
32 Began work  
34 Crazy  
37 Each  
38 Torso's event  
40 Attend Harrow  
41 Wassail ingredient  
42 Overturn  
44 Mill award  
47 Bator  
49 Decant  
50 Place

**DOWN**

1 Like some TV dramas  
2 Punish by fine  
3 Rending  
4 Originare  
5 Car of yore  
6 Goddess of mischief  
7 Lebanon  
8 Mocks  
9 "Three Lives"  
10 French article  
11 Tannings and  
12 Gilets  
13 Reflect  
14 Memory aid

51 He loved Lucy  
52 Ointment  
53 Man in a van  
54 — one's money  
56 Wing-shaped  
58 Roman playwright  
59 Pygmalion's love  
60 Undying  
61 Boston-born essayist

14 Poison from belladonna  
21 N. T. book  
24 Spanish sword  
27 Lesser, legally  
28 Rubberneck  
29 VHS items  
31 On in Orleans  
33 Actor Tom  
34 Without a tail  
35 Medieval steel shoe  
36 — Island, in San Francisco Bay  
39 Dress  
40 Avian ID  
43 Heeler  
44 Wedges left by  
45 AM/FM — receiver  
46 Fabled sea creature  
48 Forty — Raton  
50 Sonar's cousin  
52 — Raton  
53 About 1600 meters  
55 PC network  
57 Wallop

© New York Times, edited by Eugene Malachuk.

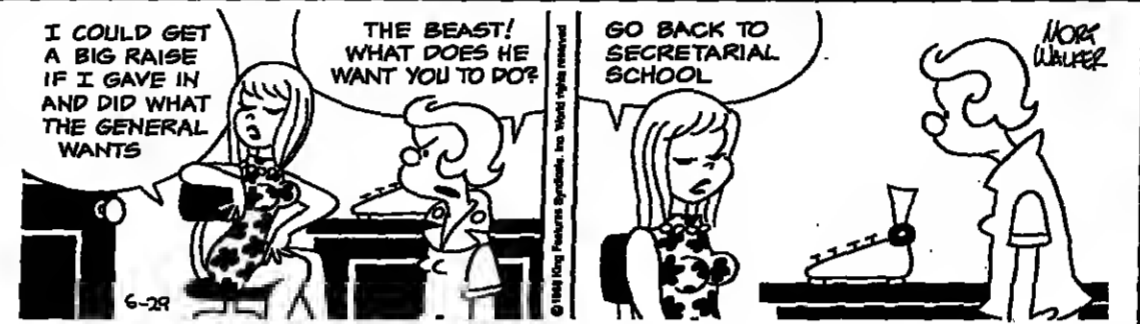
PEANUTS



BLONDIE



BETLE BAILEY



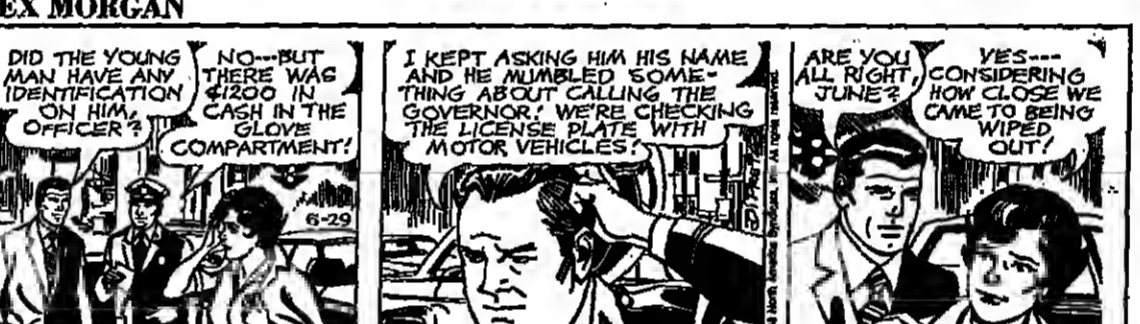
ANDY CAPP



WIZARD OF ID



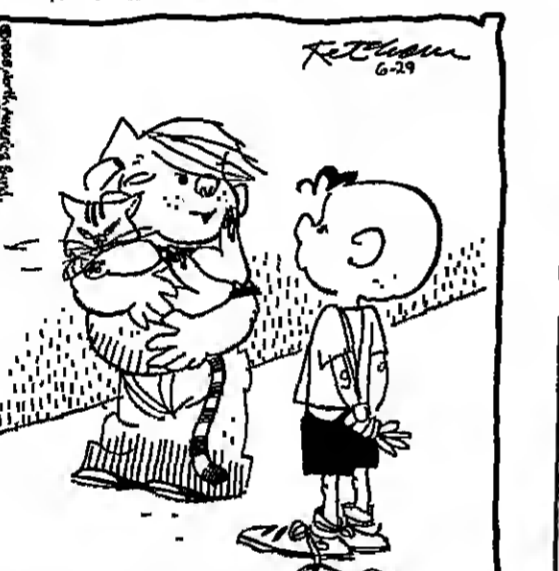
REX MORGAN



GARFIELD



DENNIS THE MENACE



"WE GOT HIM FROM THE NEIGHBORS WHEN HE WAS A TINY KITTEN. HE DOESN'T KNOW HE WAS ADOPTED."

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

**JONEY**  
O \_ \_ \_ \_

**IMMAX**  
I \_ \_ \_ \_

**RUBBGY**  
R \_ \_ \_ \_

**UMSQE**  
U \_ \_ \_ \_

Now arrange the circled letters to form the surplus answer, as suggested by the above cartoon.

Answer: A " \_ \_ \_ \_ - \_ \_ \_ \_ \_ "

(Answers tomorrow)

Monday's Jumble: RUSTY HENRY BOBBIN POETRY.  
Answer: He searched around because he told the waiter to do this — STEP ON IT.

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Alexandria	28	21	Calcutta	32	25
Amsterdam	18	14	Colombo	30	23
Antwerp	18	14	Hankow	30	23
Bombay	32	25	Harbin	28	21
Buenos Aires	28	21	Manila	30	23
Calcutta	32	25	Shanghai	30	23
Cairo	32	25	Tientsin	28	21
Canton	32	25	Yokohama	30	23
Chongqing	32	25			
Colon	32	25			
Hankow	30	23			
Harbin	28	21			
Manila	30	23			
Shanghai	30	23			
Tientsin	28	21			
Yokohama	30	23			

World Stock Markets

Market	Index	Change
Amsterdam	4120	+10
Bombay	1250	+15
Buenos Aires	1200	+10
Calcutta	1500	+20
Canton	1800	+15
Colon	1600	+10
Hankow	1400	+15
Harbin	1200	+10
Manila	1300	+15
Shanghai	1500	+20
Tientsin	1200	+10
Yokohama	1300	+15

BOOKS

**BLOWBACK: America's Recruitment of Nazis and Its Effects on the Cold War.**  
By Christopher Simpson. Illustrated. 398 pages. \$19.95. Weldon & Nicholson, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Herbert Mitgang

IN the world of intelligence, "blowback" is the word for an undercover operation that begins successfully and then explodes in the face of the originating country. In this stirring, thoroughly documented book, the story happens to be the United States.

The author, a journalist who was research director for Marcel Ophuls's film "Hotel Terminus: The Life and Times of Klaus Barbie," delivers the facts claimed in the first half of the book's subtitle: "America's Recruitment of Nazis and Its Effects on the Cold War."

As for the effects, they are still hard to gauge; so many other factors — including history, geopolitics and wartime casualties — contributed to the sour relations between the West and the Soviet Union, once allied against the common enemy in Berlin.

At least since the capture and trial of Adolf Eichmann, it has been known that an underground railroad existed after World War II that allowed German war criminals to escape. A network of Nazi sympathizers in Europe provided passage to safe havens in the dictatorial regimes of South America.

It is also known that some German scientists involved in the bombing of England by V-2 rockets were scooped up by the Americans ahead of the Russians. This story was told earlier this year by Tom Bower in "The Paper Conspiracy" (Little, Brown), concerning the recruitment of more than 100 German scientists, some Nazi Party members, for the U.S. space program.

With the help of the Freedom of Information Act and documents from the National Archives and libraries in the United States and abroad, Simpson extends the responsibility for the recruitment of war criminals into the highest reaches of the federal government.

What "Blowback" underscores is that the covert operations that cleaned up the records of former Nazis were authorized as a matter of policy by senior members of the State Department and military and intelligence agencies.

Simpson writes that "the blowback from CIA's overseas operations reached a new more dangerous stage" when, according to National Security Council records he unearthed, the CIA secretly subsidized the work of "extreme nationalist and fascist organizations in Europe" to recruit immigrants with questionable wartime pasts.

Later, some of them "jettisoned their Fascist rhetoric and Iron Cross awards" and presented themselves as "democrats, freedom fighters and even anti-Nazis."

The author concludes that the true scope of the association between U.S. intelligence agencies and Nazi criminals should be exposed. He has done just that in "Blowback."

Herbert Mitgang is on the staff of The New York Times.

BEST SELLERS

Rank	Title	Author
1	DOVA	Danielle Steel
2	THE CAJON AGENDA	Robert Ludlum
3	LOVE IN THE TIME OF CHOLERA	Gabriel Garcia Marquez
4	THE BIRTH OF THE VANITIES	Tom Wolfe
5	PEOPLE LIKE US	Douglas Dunne
6	CRIMSON JOY	Robert Parker
7	ROCK STAR	Jacqui Collins
8	FRECKLE DEAKY	Elmore Leonard
9	THE STILL SILENCES	Rosemary Plutner
10	TREASURE	Clive Cussler
11	THE LAST THING HE SAID	Michael Crichton
12	SCORPIUS	John Gardner
13	ERELIDDE TO FOUNDATION	Isaac Asimov
14	INHERITANCE	Edith Michael
15	QUINN'S BOOK	William Kennedy

BRIDGE

By Alan Truscott

A frequent winner in the weekly duplicate games in Tryon, North Carolina is Dick Bandier, a retired New Yorker.

On the disgraced deal he felt encouraged when his partner responded on heart. What South should do if East passes is an interesting theoretical problem, and some would favor four clubs, defining that as showing extra values, considerable club length and a three-card heart fit.

This problem became academic when East crowded the auction with a jump to four spades, forcing South to guess. He jumped to six clubs with the thought that North's

high-card strength was likely to be in the red suits. This was a reasonable gamble, and his subsequent redouble was a brave one; he knew he was due for a top or a bottom.

With normal distribution South would have taken 13 tricks, but he had a problem in making 12 when the heart five was led. West had correctly interpreted the double as "Lightner," asking for an unusual lead. But South was equally alive to the meaning of the double and played low from the dummy. East ruffed, but that was the only trick for the defense.

On the last trump, West would have to bare his diamond queen, and the play of

dummy's heart winner would squeeze East. However, this double-squeeze play is frustrated if East is spirited to shift to a diamond as the second trick.

WEDNESDAY'S FORECAST — CHANDEL: Small, FRANKFURT: Cloudy, Tampa: 72-79, LOS ANGELES: Partly, WASHINGTON: Partly, NEW YORK: Partly, PHOENIX: Partly, PORTLAND: Partly, SAN FRANCISCO: Partly, SEATTLE: Partly, SINGAPORE: Partly, SYDNEY: Partly, TOKYO: Partly.

Market	Index	Change
Amsterdam	4120	+10
Bombay	1250	+15
Buenos Aires	1200	+10
Calcutta	1500	+20
Canton	1800	+15
Colon	1600	+10
Hankow	1400	+15
Harbin	1200	+10
Manila	1300	+15
Shanghai	1500	+20
Tientsin	1200	+10
Yokohama	1300	+15

SPORTS

Spinks KO's Tyson at 1:31 of First Round

By Phil Berger
New York Times Service
ATLANTIC CITY, New Jersey—Mike Tyson, who bludgeoned the undisputed heavyweight champion...

Capucino wiped Spinks's gloves and released him to do battle again after a mandatory eight count, Tyson continued his mission. He missed with a left hook, and Spinks tried to counter with a right, leaving him an inviting target for Tyson's swift right hand.

arena, Rooney had told him he had both their purses on a first-round knockout. "When the fight was over," Tyson said, "I asked him where the \$45 million was. He told me, 'I was only kidding.'" Tyson was assured of earning \$2 million and Spinks \$13 million.

Still the Reign of Terror

By Tony Kornheiser
Washington Post Service
ATLANTIC CITY, New Jersey—Once and for all, Mike Tyson, built close to the ground, with the density of a golf ball and the power of a jackhammer, made it official here Monday night. There will be no more dispute; there is this one broad, rough-hewn block of a man standing alone terrorizing boxing's heavyweight division.

inner circle would affect the reclusive 21-year-old prodigy. Would he fight his fight, or would he be distracted to the point of vulnerability? "That's what made this fight, that's how they sold the tickets," said Giachetti—without such intrigue, "nobody cares, because it's a mismatch."

The Season's Flowers Blossom Only Once

national Herald Tribune
ON—After the euphoric reason. It was to see the years, led as ever by Rudi...

this sudden blossoming of tulips, but don't forget the French cavaliers who won this trophy in 1984 and Platini and Giresse gone, could not qualify for 1988.

favor, making him hungrier and fresher than most. It is not coincidence that van Basten shone while England's Gary Lineker, the top scorer at the '86 World Cup, failed.



Mike Tyson, worldbeater, standing over Michael Spinks.

Commons Ousted and Top Women Gain

John Feinstein
Washington Post Service
LEDON, England—Commons ran out of magic night. When it seemed he would another remarkable escape from the Wimbledon stage...

Detroit shortstop Alan Trammell was thumbs-up about umpire Tim Tschida's thumbs-down call on Yankee baserunner Don Slaught in Monday night's third inning. The Tigers defeated New York, 6-3.

dividuality is lacking. Instinct is missing. We have become cold and too negative, jailing young players and making the game unhealthy.

LEDON TENNIS

g Boris Becker's practice and loss, 5-7, 7-6, 6-6, 6-7. He finally did Commons right the match was split days, it took four hours...

Pirates, Edging Mets, 3 1/2 Out of First

Compiled by Our Staff From Dispatches
PITTSBURGH—The Pirates are giving their fans reason to dream of the playoffs. Despite having a run nullified, Pittsburgh posted a 2-1 triumph over New York Monday night to move within 3 1/2 games of the first-place Mets.

Clippers Get 3 in 1st Round

The Associated Press
NEW YORK—The Los Angeles Clippers, the National Basketball Association's least successful franchise in recent years, wound up with three first-round draft choices for the second straight year on Monday by trading forward Michael Cage to Seattle.

SCOREBOARD

Table with baseball standings and scores. Major League Standings: NATIONAL LEAGUE (East Division, West Division), AMERICAN LEAGUE (East Division, West Division). Monday's Line Scores: Toronto, Baltimore, Cleveland, Detroit, Kansas City, Los Angeles, Milwaukee, Minnesota, New York Yankees, Philadelphia, St. Louis, Texas, Oakland, Houston, San Francisco, San Diego, Atlanta, Cincinnati, Chicago, Houston, Kansas City, Los Angeles, Milwaukee, Minnesota, New York Yankees, Philadelphia, St. Louis, Texas, Oakland, Houston, San Francisco, San Diego, Atlanta.

TRANSITION

BASEBALL
AMERICAN LEAGUE
BOSTON—Blamed John Valentin, shortstop and assigned him to Elmirra of the New York Penn League.

BASEBALL ROUNDUP

lead, Fitcher Mike Dunne then reached on a fielder's-choice grounder (Bellard sliding in safely at second), and Dwight Gooden walked Barry Bonds.

TRANSITION

BASEBALL
AMERICAN LEAGUE
BOSTON—Blamed John Valentin, shortstop and assigned him to Elmirra of the New York Penn League.

Blancpain advertisement featuring a watch image and the text: 'SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE. Piime VIA MANZONI 39 TEL. 659 90 74 - 655 43 70'

OBSERVER

Hogs at the Trough

By Russell Baker

NEW YORK—The latest Pentagon howler brings to mind Carl Sagan, who used to sound amazed on television about "billions and billions" of galaxies. Sagan's amazement puzzled me, because I had known all along there were galaxies galore out there.

Somebody I trusted told me in high school, and I had taken it for granted ever since. What kind of high school had Sagan attended if he could still get a "Gee whizz" into his voice every time he said "billions and billions"?

The excitement had faded for me as soon as somebody told me about the light year. So there were billions and billions of galaxies, and nobody could get to a single one. I didn't hold this against them, but I did assign them a minor place in my life.

I took the billions and billions of galaxies for granted, the way I took for granted each other in their native tongue actually understood what they were saying. It seemed incredible at first, but once the experts testified it was true, all the amazement oozed out of the thing.

The billions and billions that amazed people last week are not galaxies, but dollars passing through the Pentagon. There are accusations that billions and billions of them have been distributed in a dishonest manner.

The nub of it is that hoodlums and grafters have been enjoying the favors of corporations that live off Pentagon contracts worth — here we go — billions and billions of dollars. What is not clear is how much the cheating has added to the price of goods the Pentagon buys.

After all it does not cost billions to buy a corrupt public servant. Even the greediest would be small change on the billion-dollar scale. Traditional form among Pentagon people who are for sale is to quit government and take a job with the corporation on whose behalf they toiled on the public payroll.

Of course, there is always the heavy-handed lord, the prosecutor's delight, who wants a satchel full of money. At the Capitol there are also 535 members of Congress eager for campaign funds, which corporations often grant to public servants with the right attitude. Some of these congressmen have power to steer Pentagon billions to corporations of their preference.

No need to be coy about it. With criminality evenly distributed in mankind, the congressman is as likely as the bureaucrat to be a crook.

Still, it is hard to see how billions could be distributed in crooked payoffs, for the simple reason that even one billion is an immense amount of money to be laid on human beings. The billion is actually not money at all, but a theoretical concept meaningless except to governments and huge corporations.

So the amazed people saying "billions and billions" are presumably talking about the gravy for which Pentagon contractors compete. The companies that played dirty and put the fix in with the grafters presumably profited, not so much at the expense of the public, but at the expense of their competitors.

The Pentagon was going to spend the billions and billions one way or another. The great taxed majority was going to feel the pain regardless which corporation got the contracts. The real sufferers were the companies who did not have fixers on the inside.

Of course the public paid too, but considering the billions and billions that president, Congress and public majority wanted thrust upon the armaments industry, the added cost of financing the crooks was a flea bite on a dinosaur hide.

The nasty truth is that the Pentagon, with those billions and billions of dollars to distribute, has long since become the modern equivalent of city hall.

Long ago, successful American cities commonly ran on graft. Because the chief grafters were in the construction industry, city hall had to build things if the mayor's and the aldermen's relatives and friends were to live well. Millions and millions were wasted in the process, but in well-run cities the public also got some public amenities for its money.

Where the public money runs deeper the hogs fight each other to get their snouts in the trough, and the big trough nowadays runs through the Pentagon. The question is not, "Isn't it awful?" but, "Are the swine giving us as much for our money as we used to get from those hogs at the city hall?"

Who knows? The Pentagon is the home of the \$600 toilet seat and the indestructible airborne coffee pot, but also of the B-1 bomber, which sometimes sort of works.

NEW YORK TIMES SERVICE

On the Eulogy Road With Jack Kerouac

By Howard Mansfield

LOWELL, Massachusetts — When the biographer Gerald Nicosia first came here in 1977 to see Jack Kerouac's hometown, what he found was "pretty close to real horror," he says — more Stephen King than Kerouac. He remembers sitting on his luggage at the bus station looking at the desolate landscape of abandoned factories, a skyline that was a "spider web of guy wires holding up smokestacks." A cab took him to the one hotel his guidebook listed: The Kenmore.

The cabbie asked him if he was sure he wanted to go there. His rooms were overrun by cockroaches. There was no street. He shared the bathroom on the floor with druggies and drunks. After a fifth night's sleep — interrupted by cars without mufflers drag racing — he awoke covered in a gummy black soot. It was Sunday. He tried to get something to eat. Everything was closed.

Today, the author of the Kerouac biography "Memory Babe" says Lowell is one of his favorite cities in the United States. But it's not because Lowell was once a garden spot. It's because, as Nicosia has discovered, "Lowell is an insider's town, a fortress of industrial and tenement ugliness that protects a clean inner world of family love and tenderness and lifelong loyalties."

Nicosia was back — this time in the new Hilton — as part of Lowell's celebration of Kerouac, the Beat Generation writer who died in 1969 at age 47. The week of events culminated in the dedication of the Jack Kerouac Commemorative, eight triangular columns of red granite inscribed with quotations from Kerouac's novels and poetry. Lowell is a long-depressed mid city 30 miles (50 kilometers) north of Boston.

But Lowell is still divided about its native son. Many in town remember Jack as a rude drunk shouting insults in Nicky's Bar. When the proposal came before the Lowell City Council to place the \$100,000 memorial in the park, the vote was 7 to 1. Only one councilor was opposed — Brendan Fleming — but that was controversy enough for the U.S. national news wires. The poet Lawrence Ferlinghetti, seeing Fleming's opposition as the perfect setup for his own opposition, said to one of the memorial's supporters: "How do you keep him against it? Is he on your side?" Fleming is still against it. He says: "Kerouac's type of living certainly was not a good model for any of my children, or the children of Lowell."

In the Convention and Visitors Bureau, pure numbers won out. They looked at the numbers who attend Kerouac conferences in Canada and, as Michelle Hatem, director of

operations, said: "He is a draw. There is a large market out there."

At the dedication ceremonies, Bob Pendergast stood leaning on a car in a parking lot. Pendergast, a Lowell native, runs a video arcade — at a loss, he says, because of increasing rents. Otherwise, the kids will have nothing to do. A few feet away from him were the granite columns, and a swirl of people and cameras. Looking on, he said, "Who was he? A guy that grew up in Lowell. Drank a lot. Did drugs. I don't quite understand." Still, he takes pride in the monument — it's better than the warehouse that was there.



Jack Kerouac in 1959, above, honored finally with a memorial by his hometown.

A crowd of 1,100 showed up last Thursday for a reading by Allen Ginsberg, Robert Creeley and Ferlinghetti.

For the Reverend Armand (Spiky) Roberts, Kerouac could do no wrong. "He was for the best, that was the idea of beat life, blessed are the peaceniks: Sermon on the Mount." These days, says Father Spike, "a lot of very prominent people have been telling me that he's going to be rated as one of the greatest writers of all time with Shakespeare, Victor Hugo, Alexandre Dumas, Hemingway — he's that good."

Before the week's events began, the priest spoke of how he was hearing from people all over the country who were coming. "And his daughter [Jan] is coming in for the celebration, from Eugene, Oregon. She wrote two books herself, 'Baby Driver,' she signed. 'To dear Father Spike who helped my father through his life. I always sided with him. I always said that man is a generous man, that man is a good man, a compassionate person. He's just like Christ to me.'"

Saturday morning Jan Kerouac, 36, waited, with about 40 others, to board a yellow school bus for a tour of Jack Kerouac's Lowell. "He was just a shy guy who drank too much," she said. "Sure he wrote a lot of great stuff. But he wasn't a god. He would be

Portrait of a Gift

A West German artist is painting a portrait of one of Ronald Reagan's favorite horses as a farewell present for the U.S. president at the end of his term. Jack Kerouac, 36, was commissioned to do the portrait by the Chicago-based German-American National Congress, an organization of Americans of German descent. Kerouac, well-known for his watercolor and oil horse portraits, has already prepared several preliminary sketches of the Arabian stallion, known as El Alamein. "I would have preferred to complete the work without any publicity," Kerouac said. "But Americans are simply frenzied in their attitudes to such projects." The horse was a gift to Reagan in 1981 from former Mexican President José Lopez Portillo y Pechaco.

What does a renowned chef from Switzerland serve his close friends after receiving an award from the French government for promoting French cuisine in London? A basic British meal of roast pork sausages and potato salad. Author "Mist" Mosemann, recognized as the inventor four years ago of cuisine naturelle, received the Chevalier de l'Ordre du Mérite Agricole on Tuesday evening at his new private London dining club. Cuisine naturelle, which Mosemann describes as a way "to eat well and healthily," eliminates oil, butter, cream and alcohol from cooking and uses salt and sugar sparingly. To help him celebrate the award, Mosemann invited to dinner 40 of the assistant and apprentice chefs who worked with him during his 13 years as head of the kitchen at the Dorchester, which he left earlier this year. "The menu tonight will not be cuisine naturelle but what you serve when you have friends and chefs coming for dinner," he said.

The Duchess of York has signed a contract to write two children's books, scheduled for publication at the time of her own child's first birthday, the publishing company Simon and Schuster says. The 28-year-old duchess, the former Sarah Ferguson, is married to Prince Andrew. The couple is expecting their first child in August. The two children's stories, about a helicopter named Budgie, will be aimed at very young children. The American company is planning to publish the books in August 1989 in association with Simon and Schuster of London. The duchess has been working on the books with an editor in London for a few months, according to the publisher. A portion of the proceeds will be donated to charity.

Representative Edward Markey, a Massachusetts Democrat, was married in a double religion ceremony in the Navy Chapel to Dr. Susan Blumenthal, the director of behavioral medicine at the National Institute of Mental Health. Both a Roman Catholic priest and a rabbi conducted the service. Markey, 41, is chairman of the House Energy subcommittee on telecommunication and finance and has served in Congress 12 years. Blumenthal, 37, is also an associate professor at the Georgetown University Medical School. It is the first marriage for both. Guests included the actress Lily Tomlin, the consumer advocate Ralph Nader, the president of the Motion Picture Association of America, Jack Valenti, the syn-

dicant chairman of the National Council on the Arts, and several of Markey's colleagues.

Robert Mitchell has a healthy attitude about himself and his profession. At a film festival in Portugal, Mitchell was asked how he interpreted a role. "You turn up at the right time, say the lines you're told to, then go home." Then he added, "Sometimes they ask you to say the lines louder or softer."

HOLIDAYS & TRAVEL. HOTELES. SWITZERLAND. LUZERN, GRAND HOTEL EUROPE. THE FRIENDLY PLACE. Free parking. Tel. 041 31 11 11. Theodor Hotel. New York 500 rooms. Tel. 225 51 11. GOLF. SCOTLAND & LONDON. Tel. 022 52 42 51. EDUCATION. BRENCH COURSES. Tel. 022 52 42 51.

TODAY'S INTERNATIONAL BUSINESS MESSAGE CENTER. Appears on page 20. ANNOUNCEMENTS. PERSONAL MESSAGES. UP TO 52 FREE ISSUES. MOVING. MONTE CARLO. INTERMEDIA.

INTERNATIONAL CLASSIFIED. MOVING. FOUR WINDS. REAL ESTATE FOR SALE. MONACO. REAL ESTATE FOR SALE. CANADA. REAL ESTATE FOR SALE. SWITZERLAND. REAL ESTATE TO RENT/SHARE. REAL ESTATE FOR SALE. PARIS AREA FURNISHED. REAL ESTATE TO RENT/SHARE. REAL ESTATE TO RENT/SHARE. REAL ESTATE TO RENT/SHARE. REAL ESTATE TO RENT/SHARE.

EMPLOYMENT. GENERAL POSITIONS. LOW COST FLIGHTS. LONDON. PARIS. WORLDWIDE TRAVEL. HOLIDAYS & TRAVEL. AMERICAN BANK. DOMESTIC POSITIONS AVAILABLE. SUPER MANNY FOR BRUSSELS. POSITIONS WANTED. DOMESTIC POSITIONS WANTED. LEGAL SERVICES. ACCESS VOYAGES.

Automobile Market. AUTOMOBILES. TOYOTA LAND CRUISER PARTS. AUTO SHIPPING. TRANSCORP. AUTO RENTALS. PARIS ALL INCLUSIVE PRICES. AUTO CONVERSION. AUTO SERVICES. TAX-FREE CARS. BUY YOUR NEXT VOLVO TAX FREE!

Automobile Market. TAX FREE CARS. DVA MOTORS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS. TAX-FREE CARS.

Place Your Classified Ad Quickly and Easily in the INTERNATIONAL HERALD TRIBUNE. SOUTH AFRICA. LATIN AMERICA. EUROPE. NORTH AMERICA. AUSTRALIA. NEW ZEALAND.